United Nations A/C.5/61/SR.47

General Assembly
Sixty-first session

Official Records

Distr.: General
17 July 2007

Original: English

Fifth Committee

Summary record of the 47th meeting
Held at Headquarters, New York, on Monday, 7 May 2007, at 10 a.m.

Chairman: Mr. Yousfi ..... (Algeria)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Saha

Contents

Organization of work

Agenda item 106: Appointments to fill vacancies in subsidiary organs and other appointments (*continued*)

(b) Appointment of members of the Committee on Contributions (*continued*)

Agenda item 116: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Agenda item 117: Programme budget for the biennium 2006-2007 (*continued*)

Agenda item 122: Scale of assessments for the apportionment of the expenses of the United Nations (*continued*)

Agenda item 123: Human resources management (*continued*)

Agenda item 127: Report on the activities of the Office of Internal Oversight Services (*continued*)

Agenda item 132: Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations (*continued*)

Investing in the United Nations: for a stronger Organization worldwide: detailed report: Updated terms of reference for the Independent Audit Advisory Committee

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

07-33243 (E)

Strengthening the Office of Internal Oversight Services: Revised estimates to the programme budget for the biennium 2006-2007 under sections 28A, Office of the Under-Secretary-General for Management, 29, Internal oversight, and 35, Staff assessment

Strengthening of the Office of Internal Oversight Services: Funding arrangements

The meeting was called to order at 10.10 a.m.

Organization of work (A/C.5/61/L.47)

1. **The Chairman** drew attention to the proposed programme of work for the second part of the resumed session and to the note by the Secretariat on the status of preparedness of documentation (A/C.5/61/L.47).

2. **Mr. Hussain** (Pakistan), speaking on behalf of the Group of 77 and China, said that the Committee's full agenda pointed to the need for effective time management and coordination and that the Group welcomed the designation of coordinators by the Bureau. However, the status of documentation remained cause for concern. The late submission of documentation seriously undermined the quality of decision-making. It constrained large groups such as the Group of 77 to undertake effective coordination. Smaller delegations were unable to read the voluminous reports and seek guidance from their capitals in the short time allotted, thereby depriving the Committee of their valuable inputs. Current document-issuance practices were unacceptable and every effort must be made to respect the six-week rule established by the General Assembly. The Secretary-General and the Chairman of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) should give serious consideration to that long-standing concern.

3. Owing to the submission of additional documentation, the Committee might be unable to keep to its timetable for the consideration of reports on important reform issues such as human resources management, procurement and information and communications technology. Failure to consider those reports would not only hinder further reform in those areas but also add to the workload in a budget year. Lastly, while the Group of 77 and China would approach all items on the agenda with an open mind, its priority during the second part of the resumed session would be the adoption of the peacekeeping budgets. The consideration of other issues should not have an impact on the approval of those budgets.

4. **Mr. Woeste** (Germany), speaking on behalf of the European Union; the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries Albania, Montenegro and Serbia; and, in addition, Iceland, Moldova and Ukraine, echoed the concerns expressed by the representative of Pakistan regarding the late issuance of documentation, stressing that the timely availability of reports was vital to the work of the Fifth Committee.

5. The second part of the resumed session was primarily devoted to the financing of peacekeeping operations. The European Union had always attached great importance to peacekeeping as a core function of the United Nations, and would pursue its efforts to ensure that peacekeeping continued to be effective and to serve the interests of international peace and security. However, efficient budgeting and sound management must go hand in hand with Member States' political and financial commitments. The European Union would consider the budgets of the peacekeeping missions with a view to providing them with adequate financing, and also hoped that the Committee would reach agreement on a draft resolution on cross-cutting issues.

6. The successful conclusion of the Committee's deliberations on governance and oversight was also a priority. In particular, early decisions were needed on the terms of reference and operational independence of the Independent Audit Advisory Committee (IAAC). With regard to the Secretary-General's proposals to strengthen the Organization's capacity to manage and sustain peacekeeping operations, he looked forward to receiving the relevant reports at the earliest opportunity. The political will of the General Assembly, as expressed in resolution 61/256, of 15 March 2007, must be translated into sound reform measures.

7. **Mr. Lara-Peña** (Dominican Republic), speaking on behalf of the Rio Group, endorsed the proposed programme of work but expressed concern about the late issuance of documentation. Smaller delegations were particularly affected by that situation because they were unable to consider reports at short notice. He hoped that the appropriate remedial measures would be taken.

8. Peacekeeping budgets had reached unprecedented levels, placing a considerable burden on Member States. While reaffirming its commitment to providing adequate financing for United Nations peacekeeping operations, the Rio Group stressed the need to ensure that proposed expenditures were appropriately justified and that resources were used as efficiently as possible. In that connection, the Committee's deliberations on

cross-cutting issues would be particularly important. Although the specific realities of each operation must be borne in mind, the Organization must develop coherent and standardized peacekeeping policies.

9. The Rio Group reiterated its resolve to eliminate sexual exploitation and abuse by United Nations peacekeeping personnel and to ensure that offenders were punished. The General Assembly had stressed the need for a zero-tolerance policy in that regard, and the Group therefore supported the relevant measures introduced by the Secretary-General. During the Committee's forthcoming consideration of that question, the Group would be devoting particular attention to the implementation of the proposals and recommendations made by the working groups of the Special Committee on Peacekeeping Operations.

10. The situation in Haiti was of particular concern to the Rio Group. As had been pointed out at its thirteenth Ministerial Meeting, held in March 2007, short-, medium- and long-term cooperation must be enhanced in order to rebuild Haiti's social and economic infrastructure. Peace and security and the rule of law were fundamental to the establishment of strong State institutions, a reliable legal system, respect for human rights and democratic governance. The United Nations Stabilization Mission in Haiti (MINUSTAH) had played and should continue to play a vital role in that regard. Security Council resolution 1743 (2007) set out a clear mandate for the Mission, which should be provided with sufficient resources for the purposes of, inter alia, reforming the justice system, building institutional capacity, strengthening public information services and implementing quick-impact projects.

11. Turning to the updated terms of reference for IAAC, he reiterated his support for a coherent oversight system that would ensure transparent management and accountability. The final terms of reference should include criteria relating to geographical representation and rotation, and the process of electing members of IAAC should be handled by the General Assembly rather than by external bodies.

12. On the subject of the International Research and Training Institute for the Advancement of Women (INSTRAW), he drew attention to the mandate contained in General Assembly resolution 60/229 and stressed the need to provide the resources required for the Institute's long-term survival. Lastly, with regard to the restructuring of the Department of Peacekeeping Operations, the Rio Group stood ready to consider the relevant proposals of the Secretary-General with a view to improving and modernizing the Organization's operational capacity in the field.

13. **Mr. Wallace** (United States of America) said that, at a time of rapidly escalating expenses, the Organization's resources must be used in the most effective and efficient way possible. To that end, and in order to ensure the continued credibility of the Fifth Committee and of the United Nations as a whole, Member States must demonstrate a renewed commitment to the reform agenda set out in the 2005 World Summit Outcome.

14. The overall budget for current peacekeeping operations currently stood at a record $5.4 billion per year, and possible new missions in Darfur, Chad and the Central African Republic would drive it up even further. Given such unprecedented costs, the management and organization of each peacekeeping mission must be reviewed to ensure that resources were being used optimally. The Secretary-General's detailed proposals on strengthening the Organization's capacity to manage and sustain peacekeeping operations must be given careful consideration, particularly since the recent surge in such operations had placed a great burden on many departments, including the Department of Peacekeeping Operations. While he understood the need to support those responsible for peacekeeping at Headquarters and in the field, he also expected strong leadership and management, more efficient and effective implementation of mandates and greater accountability. The Organization must ensure that it had the human and financial resources necessary to meet current and future peacekeeping challenges.

15. He underscored the importance of adopting a comprehensive draft resolution on cross-cutting issues to reflect the progress made in addressing important thematic issues applicable to all peacekeeping missions, such as the management of ground and air operations, training, the budget preparation process and the conduct of United Nations personnel.

16. Turning to the other issues on the Committee's agenda, he welcomed the long-postponed introduction of the Secretary-General's reports on updated terms of reference for IAAC and on the strengthening of the Office of Internal Oversight Services (OIOS). Since the General Assembly, in its resolution 61/245, had already

endorsed the conclusions and recommendations of ACABQ on the comprehensive review of governance and oversight, he urged all Member States to take prompt action to implement them. Effective oversight was crucial to the future success of the United Nations, and OIOS must therefore be sufficiently independent to ensure its ability to promote the responsible administration of resources, a culture of integrity and accountability and improved programme performance.

17. **Mr. Saha** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) assured all regional groups that the Advisory Committee was cognizant of its responsibility to assist the Fifth Committee to review requests made by the Secretary-General. However, its deliberations were greatly hampered by the late submission of documentation, and it was often forced to work with unedited advance copies. The Advisory Committee had addressed the issue of documentation in its general report on peacekeeping operations (A/61/852), which would be introduced in due course.

18. **The Chairman** said he took it that the Committee wished to approve the proposed programme of work on the understanding that adjustments would be made, where necessary, in the course of the session.

19. *It was so decided.*

Agenda item 106: Appointments to fill vacancies in subsidiary organs and other appointments (*continued*)

(b) Appointment of members of the Committee on Contributions (*continued*) (A/61/102/Add.1)

20. **The Chairman** drew attention to a note by the Secretary-General (A/61/102/Add.1) informing the General Assembly that, following the resignation of Ms. Sujata Ghorai (Germany) from the Committee on Contributions effective 14 March 2007, the Government of Germany had nominated Mr. Thomas Thomma to fill the resulting vacancy. The candidature of Mr. Thomma had been endorsed by the Group of Western European and Other States. If he heard no objection, he would take it that the Fifth Committee wished to recommend to the General Assembly the appointment of Mr. Thomma as a member of the Committee on Contributions for a term of office beginning on the date of appointment by the General Assembly and ending on 31 December 2008.

21. *It was so decided.*

Agenda item 116: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Agenda item 117: Programme budget for the biennium 2006-2007 (*continued*)

Agenda item 122: Scale of assessments for the apportionment of the expenses of the United Nations (*continued*)

Agenda item 123: Human resources management (*continued*)

Agenda item 127: Report on the activities of the Office of Internal Oversight Services (*continued*)

Agenda item 132: Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations (*continued*)

Investing in the United Nations: for a stronger Organization worldwide: detailed report: Updated terms of reference for the Independent Audit Advisory Committee (A/61/812 and A/61/825)

Strengthening of the Office of Internal Oversight Services: Revised estimates to the programme budget for the biennium 2006-2007 under sections 28A, Office of the Under-Secretary-General for Management, 29, Internal oversight, and 35, Staff assessment (A/61/610 and A/61/880)

Strengthening of the Office of Internal Oversight Services: Funding arrangements (A/61/810 and A/61/880)

22. **Mr. Sach** (Controller) introduced the report of the Secretary-General on updated terms of reference for the Independent Audit Advisory Committee (A/61/812), a matter that had been under active discussion since the 2005 World Summit. The updated terms of reference had been prepared with due regard to General Assembly resolution 61/245 and the recommendations of ACABQ contained in document A/61/605, and reflected the purely advisory role of IAAC and its responsibility to advise the General Assembly on issues it considered appropriate concerning the scope, content and outcome of the work of audit entities. ACABQ had recommended that IAAC should be composed of 5 members rather than 10, that the General Assembly should develop procedures to verify the qualifications of prospective members and

that the IAAC secretariat, like those of ACABQ and the International Civil Service Commission (ICSC), should be autonomous.

23. The updated terms of reference were the result of consultations undertaken with OIOS and the Board of Auditors and reflected comments made by Member States. Although they were more succinct than previous versions, they continued to reflect the key tasks of an audit committee.

24. The report also contained a proposal to facilitate the selection of appropriate IAAC members. A broad pool of candidates would be identified through the solicitation of applications from individuals, recommendations from professional accountancy or audit institutions and nominations from Member States. Candidates' technical skills would then be assessed by an international independent professional organization with experience in such matters, and Member States would make the final selection of candidates, with due regard to geographical representation, by means of an election process. That proposal struck an appropriate balance between the need to ensure the highest level of technical competence and the need to ensure that IAAC was fully representative of the membership of the General Assembly. Both criteria — competence and representativeness — must be fully satisfied to ensure the full legitimacy and utility of IAAC.

25. In the interest of promptly implementing the General Assembly's decision to establish IAAC, he invited the Fifth Committee to take a decision, at the current session, on that entity's terms of reference and the modality for appointing its members. Access to technical advice from independent experts was essential to help Member States as a whole exercise their oversight role, which was increasingly necessary in the light of the planned adoption of the International Public Sector Accounting Standards (IPSAS) and of the forthcoming initiatives to strengthen accountability, adopt an internal control framework, implement risk management on an enterprise-wide basis and move towards better results-based management. Once established, IAAC would help the General Assembly to ensure full coherence between the internal and external audit functions and would also strengthen the Assembly's capacity to use auditing expertise in the interests of the better overall governance of the Organization, which would be of benefit to all Member States.

26. Turning to the Secretary-General's report on the strengthening of the Office of Internal Oversight Services: Revised estimates to the programme budget for the biennium 2006-2007 under sections 28A, Office of the Under-Secretary-General for Management, 29, Internal oversight, and 35, Staff assessment (A/61/610), he said that the revised estimates realigned resources in line with an earlier OIOS report on proposals for strengthening OIOS (A/60/901).

27. In order to strengthen various components of OIOS, a number of general temporary assistance positions, which had previously been approved in the context of the revised estimates arising from the implementation of the 2005 World Summit Outcome, had been proposed for conversion to established posts. In accordance with the recommendations stemming from the review of governance and oversight, it had been proposed that the management consulting function should be transferred from OIOS to an appropriate office within the Secretariat. The adjustments related to that transfer were reflected in the report. It was expected that responsibility for the preparation of the biennial programme performance report of the Secretary-General would also be transferred to another office within the Secretariat. Detailed arrangements for that transfer would need to be addressed in the context of the outcome of the results-based management review requested in General Assembly resolution 61/245.

28. The net result of the revised estimates would be an additional 40 posts under section 29, Internal oversight, together with a transfer of management consulting posts. Requirements were to be met primarily through the conversion of general temporary assistance resources; consequently, the total additional appropriation sought and detailed in the report amounted to $1.3 million.

29. The Secretary-General's report on the strengthening of the Office of Internal Oversight Services: Funding arrangements (A/61/810) had been prepared pursuant to Assembly resolution 61/245, in which the Assembly had endorsed the conclusions and recommendations contained in the Advisory Committee's report on the comprehensive review of governance and oversight within the United Nations and its funds, programmes and specialized agencies (A/61/605). In paragraph 81 of that report, the Advisory Committee had recommended that the Secretary-General should be requested to prepare a

proposal for revised funding arrangements for OIOS, drawing upon experience gained on cost-sharing mechanisms currently in place.

30. In accordance with that recommendation, the report currently before the Committee set out revised funding arrangements for OIOS, bearing in mind the need to ensure its operational independence. Under the revised arrangements, several sources of funding, including the regular budget, the support account for peacekeeping operations, the budgets for the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia, the capital master plan budget and centrally administered extrabudgetary programme support accounts, would be consolidated under a gross budget that would be apportioned to the respective funds on a net basis. Other sources of extrabudgetary non-assessed funding from the Office of the United Nations High Commissioner for Refugees, the Office of the United Nations High Commissioner for Human Rights, the United Nations Environment Programme, the United Nations Office on Drugs and Crime, the United Nations Human Settlements Programme, the International Trade Centre (UNCTAD/WTO), the United Nations Framework Convention on Climate Change and the United Nations Joint Staff Pension Fund could not be apportioned under applicable decentralized administrative arrangements and would be treated and presented separately within the budget document as extrabudgetary to the gross consolidated budget.

31. It had also been proposed that, in the context of the biennial resolution on unforeseen and extraordinary expenditures, authority should be provided to enter into commitments not to exceed a total of $8 million in any one year of the biennium to meet unforeseen expenses for oversight services relating to emerging risks, in particular those related to audits and investigations. The revised arrangements should be implemented with respect to the budget for the period 2010-2011; the experience gained during that period would be closely monitored and reported to the General Assembly at its sixty-sixth session.

32. **Mr. Saha** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of ACABQ on updated terms of reference for IAAC (A/61/825), said that, in general, the terms of reference for IAAC appeared to be audit-centric. Given that IAAC was to be charged with reviewing the budget of OIOS, the terms of reference and the qualifications of members should reflect the full range of OIOS functions.

33. Under the Financial Regulations and Rules, it was fully within the purview of the Board of Auditors to advise the General Assembly on the integrity of the audited financial statements of the United Nations. ACABQ therefore shared the Board's view that the paragraph of the terms of reference bestowing that function on IAAC should be deleted. Instead, the wording should be revised so as to state that IAAC could advise the Assembly on the operational implications for the United Nations of the trends and issues apparent in the Organization's financial statements.

34. ACABQ also recommended that IAAC should meet up to four times per year, that its members should receive per diem and compensation for travel and that the terms of membership of the initial five members should be determined by the drawing of lots.

35. As to resource requirements, ACABQ recommended approval of one P-5 and one General Service post for the IAAC secretariat. It recommended against the proposed $50,000 in consultancy fees to assist in the establishment of IAAC because, in its view, that task should be handled by the secretariat and the members of IAAC themselves.

36. Turning to the ACABQ report on the strengthening of OIOS (A/61/880), he said that paragraph 69 of the Advisory Committee's report on the comprehensive review of governance and oversight (A/61/605) set out the point of departure for the Advisory Committee's analysis of the Secretary-General's proposals, which was that OIOS was an internal oversight body, was part of the Secretariat and discharged its mandates under the authority of the Secretary-General. In that same paragraph, the Advisory Committee had stressed the need for OIOS and management to cooperate. In paragraph 64 of the same report, the Advisory Committee had urged the Secretary-General and the Under-Secretary-General for Internal Oversight Services to give careful consideration to suggestions made by the governance review's Steering Committee for improving the working relationship between OIOS and management. In that connection, the Advisory Committee recommended that the Secretary-General, in consultation with OIOS, should provide information on

the steps taken to the General Assembly at its sixty-second session.

37. With respect to the revised estimates relating to the programme budget for the biennium 2006-2007, implementation of the Advisory Committee's recommendations would not require any overall additional appropriation under the programme budget for 2006-2007. Under section 29, Internal oversight, the Advisory Committee was recommending, at the current stage, the conversion to established posts of 25 general temporary assistance positions (9 posts for the Audit Division and 16 posts for the Investigations Division) out of the 39 that had been proposed. The remaining positions would be retained as general temporary assistance and their proposed establishment as posts and redeployment to other functions would be considered in the context of the proposed programme budget for the biennium 2008-2009. Taking into account the current level of expenditure, no additional resources would be required under section 29.

38. The Advisory Committee recommended approval of the additional resources requested under section 28A, Office of the Under-Secretary-General for Management, which reflected the transfer of the management consulting function from section 29. The additional resources under section 28A would therefore be offset by a corresponding reduction under section 29. As no net addition in terms of staffing resources was involved, no changes would be required in the resources under section 35, Staff assessment, or under income section 1, Income from staff assessment.

39. With regard to the revised funding arrangements for OIOS, the Advisory Committee recommended that the arrangements set out in annex I to the Secretary-General's report (A/61/810) should be reformulated to take into account its observations and recommendations, and that such reformulated arrangements should be presented to the General Assembly for implementation with respect to the budget for the period 2010-2011.

40. The Advisory Committee did not see the need for a mechanism to address emerging risks, as proposed in the Secretary-General's report. Existing budgetary procedures, including the provisions for the utilization of the contingency fund, as contained in General Assembly resolutions 41/213 and 42/211, in conjunction with the new budgetary arrangements, should be sufficient for managing additional needs.

41. **Ms. Ahlenius** (Under-Secretary-General for Internal Oversight Services) recalled that, following the submission of the report of the Steering Committee for the Comprehensive Review of Governance and Oversight within the United Nations and its Funds, Programmes and Specialized Agencies (A/60/883 and Add.1 and 2), she had presented her proposals for strengthening OIOS in December 2006 (A/60/901).

42. The proposed changes to the OIOS funding process were designed to ensure the operational independence of the Office, particularly with respect to the Department of Management and its involvement in the OIOS budget process. In its resolution 48/218 B, the General Assembly had established that the Office should exercise operational independence under the authority of the Secretary-General in the conduct of its duties. Thus, "operational independence" did not imply that OIOS was an autonomous body; it operated under the same regulations and rules as the rest of the Secretariat and was subject to the administrative authority of the Secretary-General.

43. The proposed changes were also designed to give OIOS the necessary flexibility to prioritize oversight activities based on the Office's assessment of risk rather than the provision of funding by the entity concerned. Such a risk-based approach was required by international standards and served the best interests of the Organization by ensuring that oversight resources were used efficiently.

44. To ensure operational independence, the funding process should provide for a separation between the establishment of a risk-based oversight workplan and associated budget, which would be the responsibility of OIOS with examination by IAAC, and the apportionment of the budget approved by the General Assembly, which would be the responsibility of the Department of Management.

45. The proposals for strengthening OIOS were based on General Assembly resolution 48/218 B and focused on all aspects of the OIOS mandate. To enhance the quality and coverage of evaluation and inspection functions, the annual number of evaluation and inspection reports should be increased from three to four reports each to about eight to ten reports each.

46. With respect to monitoring, OIOS would concentrate on reviewing the implementation of programme monitoring in the departments, identifying weaknesses and strengths in the development of the

logical framework, determining the timeliness and quality of data collection and analysis and ensuring the maintenance of standards of reliability and accuracy.

47. Unfortunately, the Steering Committee's report had not adequately addressed the investigation function of OIOS. She had therefore commissioned a separate comprehensive review of the functions, structure and work processes of the OIOS Investigations Division with a view to bringing the OIOS investigation function up to world-class standards.

48. She had taken a prudent approach to strengthening OIOS, given that the exercise entailed a fundamental rethink of the Office's approach to mandate delivery and that it represented a significant component of the Organization's reform package. The strengthening process must involve a review of adherence to standards and best practices in terms of processes, quality, skills and technology. Efforts undertaken to that end by the Internal Audit Division were already bearing fruit.

49. **Mr. Hussain** (Pakistan), speaking on behalf of the Group of 77 and China, reiterated his support for the establishment of a transparent and effective system of accountability and responsibility, but reaffirmed the role of the General Assembly as the principal oversight and policymaking body of the United Nations. Furthermore, since the United Nations was an intergovernmental organization, the creation of new structures and institutions was a prerogative of its Member States.

50. The Group of 77 and China trusted that the establishment of IAAC would contribute to efforts to improve the Secretariat's accountability to Member States and create a comprehensive management accountability and oversight framework. The General Assembly played a key role in the process of establishing IAAC, defining its terms of reference, verifying the qualifications of prospective members and determining its reporting line. Since the United Nations had the necessary technical expertise to perform those functions, none of them should be outsourced to other institutions. In addition, the principle of equitable geographical distribution must govern the composition of IAAC.

51. IAAC should not be assigned anything other than a strictly advisory role, and the Group would continue to oppose attempts to use it to influence or undermine the oversight authority of the General Assembly, the Board of Auditors or OIOS. IAAC should not have any operational responsibilities relating to the budget or any other substantive functions of OIOS or the Board of Auditors, whose terms of reference were set out in the relevant General Assembly resolutions and the Financial Regulations and Rules.

52. With regard to the strengthening of OIOS, there was a need for enhanced cooperation between the Secretary-General and OIOS within the framework of their respective mandates. While the Administration had a responsibility to develop and implement an internal control framework and the mechanisms needed to assess and manage risks, OIOS must provide objective oversight in support of that process. He looked forward to receiving further information on the steps taken to improve that relationship.

53. In accordance with General Assembly resolution 48/218 B, OIOS was part of the Secretariat and exercised operational independence under the authority of the Secretary-General. The Group of 77 and China emphasized that operational independence was essential for good governance and oversight and stood ready to discuss the establishment of an appropriate mechanism to achieve that objective. While the Group supported the transfer of the management consulting function, responsibility for preparation of the biennial programme performance report and the related posts from OIOS to the Department of Management, it did not see any linkage between the transfer of those resources and the additional posts requested to strengthen the inspection and evaluation functions. It therefore looked forward to receiving further clarification of those proposals.

54. Under the proposed new funding arrangements for OIOS, IAAC would examine the basis for the OIOS workplan and review its budget. The extent to which the Administration should be involved in the OIOS budget once IAAC had begun to exercise that function should be carefully considered. Additional information should be provided on the use of the contingency fund to meet unforeseen expenses. The Group of 77 and China agreed with ACABQ that the Secretary-General should submit a revised report to the Assembly at a future session.

55. In closing, he stressed the importance of strengthening the Organization's monitoring and evaluation functions. The General Assembly had requested the Secretary-General to ensure more

extensive and uniform use of self-evaluation at the programme and subprogramme levels and to develop and implement, in consultation with the United Nations System Chief Executives Board for Coordination, common professional standards and methodologies for self-evaluation throughout the United Nations system. He would be grateful for a status report on efforts to respond to that request.

56. **Mr. Woeste** (Germany), speaking on behalf of the European Union; the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries Albania, Montenegro and Serbia; and, in addition, Iceland, Moldova, Norway and Ukraine, said that strengthening oversight had been a priority of the European Union for some time. An effective, respected oversight function comprising audit, inspection, evaluation and investigation served the Organization's own interests and enhanced its credibility.

57. The updated terms of reference for IAAC reflected the discussions held with the Secretariat and regional groups on the establishment of a body to assist the General Assembly in discharging its oversight responsibilities. To ensure that the body established added real value to the oversight process, the membership criteria must be strict and procedures for determining whether prospective members met those criteria must be fail-safe.

58. The question of funding arrangements for OIOS was closely related to the establishment of IAAC. The European Union stood ready to consider the relevant proposals and recommendations with a view to strengthening the operational independence of OIOS. The role of IAAC in examining the Office's workplan and reviewing its budget was an important element of that process.

59. **Mr. Schneider** (Switzerland) said that the Secretary-General's report on updated terms of reference for IAAC and the related observations of ACABQ formed a good basis for a long-overdue decision on that issue. He welcomed the streamlined formulation of the terms of reference, which reflected the purely advisory role of IAAC and were the outcome of extensive consultations with OIOS and the Board of Auditors. The concerns expressed by the Board about the risk of overlapping functions between IAAC and ACABQ should be given careful consideration. Since the added value of IAAC depended primarily on the expertise of its members, the qualifications required must be clear and verifiable. The proposed technical assessment of candidates by an international independent organization should enable the General Assembly to select the best-qualified candidates and ensure their independence, but the proposed criteria were hard to measure and therefore formed a weak basis for the envisaged assessment.

60. He welcomed the new funding arrangements for OIOS set out in annex I to document A/61/810, and commended the Secretary-General for his swift action on that issue. The objective of changing the existing funding mechanism was very clear: to make OIOS operationally independent by making it financially independent of the Secretariat entities it audited. In accordance with best practices, the OIOS budget should be prepared in accordance with a risk tolerance level determined by the General Assembly without any substantial involvement on the part of the Secretariat. Since there was a discrepancy between the Secretary-General's proposals and the recommendations of ACABQ, his delegation stood ready to engage in constructive negotiations with a view to finding the best possible solution.

61. **Mr. Taula** (New Zealand), speaking also on behalf of Australia and Canada, said that the revised terms of reference for IAAC went a long way towards resolving the ambiguities in the draft presented the previous year, in particular by making clear the purely advisory role envisaged. The specific textual changes suggested by ACABQ could be clarified in informal consultations. In his view, the main issues were the scope of IAAC responsibilities, measures to ensure the required expertise and the selection process.

62. While he was open to the argument of ACABQ that the scope of IAAC should be broadened to embrace the full range of OIOS activities, he also saw merit in a sharp technical focus. The scope of IAAC should not be so broad as to prevent the definition of clear and verifiable qualifications for membership. The selection process was critical to a good result. Ultimately, the decision lay with Member States. He was open to a range of means of identifying possible candidates, but stressed the importance of independent expert verification of qualifications.

63. With regard to the strengthening of OIOS, he appreciated the clear vision set out by the Under-Secretary-General for Internal Oversight Services in

the OIOS response to the report of the Steering Committee for the Comprehensive Review of Governance and Oversight within the United Nations and its Funds, Programmes and Specialized Agencies (A/60/883 and Add.1 and 2) and the restraint with which she had used the supplementary resources provided at the end of 2005. While he was open to proposals to shift resources to inspection and evaluation functions, he recalled that the General Assembly had approved the 39 general temporary assistance positions for specific purposes. The requirements should be considered comprehensively in the light of both the proposed 2008-2009 budget and the outcome of the review of the investigation function. In the meantime, the Advisory Committee's report on the strengthening of OIOS (A/61/880) provided a clear path forward regarding which posts to establish.

64. With regard to the budget process for OIOS, the need to ensure the operational independence of OIOS was a long-standing concern. He envisaged a continuing role for the Secretary-General in the preparation of the budget, given that OIOS remained an arm of the Secretariat. However, operational independence could be secured through the envisaged role of IAAC, which would review the OIOS workplan and budget and advise the General Assembly accordingly. Operational independence could be further enhanced by the proposal to give OIOS the flexibility to manage its budgetary resources as a pool and deploy them in accordance with evolving risk.

65. **Mr. Rashkow** (United States of America) said that IAAC was intended to assist the General Assembly in discharging its oversight responsibilities with respect to OIOS, in particular by providing technical advice to the Assembly on the scope, results and cost-effectiveness of OIOS audits, evaluations and investigations; providing technical advice to enhance coordination among OIOS, the Joint Inspection Unit and the Board of Auditors; and enhancing managers' compliance with OIOS recommendations.

66. The December 2005 decision by Member States to establish IAAC reflected a shared commitment to ensuring effective oversight of the United Nations. Yet some delegations were now concerned that IAAC could become an unnecessary layer of bureaucracy whose functions would not improve oversight of United Nations activities. His delegation disagreed with that view, provided that Member States gave IAAC real and effective terms of reference. In his view, IAAC would build confidence by independently confirming that the Organization's internal oversight mechanism was carrying out its mandate effectively; help shed light on the Organization's challenges and vulnerabilities; and empower Member States to fulfil their oversight responsibilities, aided by independent expert advice. Given the important role that IAAC would play in providing technical advice to Member States, his delegation agreed with ACABQ that candidates nominated to serve on IAAC should possess the highest level of integrity and a high level of relevant technical training, including financial, audit, evaluation and investigation experience.

67. His delegation agreed with most of the conclusions and recommendations contained in the Advisory Committee's report on the strengthening of OIOS (A/61/880). For example, his delegation endorsed the proposal to transfer the management consulting function and corresponding posts from OIOS to the Department of Management and believed that the incumbents currently carrying out that function should not be penalized or disadvantaged by virtue of the transfer. With regard to the conversion of 39 general temporary assistance positions to established posts, his delegation would have preferred a different profile of functions to be performed. It could, nonetheless, support the Advisory Committee's position and recommendations on the matter.

68. In resolutions 48/218 B and 59/272, Member States had affirmed their commitment to the full operational independence of OIOS. The Secretary-General's proposal would fulfil that commitment by mandating that the Department of Management should not provide comments or substantive input on OIOS budget proposals. The Advisory Committee suggested a different approach to achieving the same objective. His delegation continued to support the Secretary-General's proposal, but was prepared to discuss the Advisory Committee's recommendation on the understanding that it, too, fulfilled the General Assembly's commitment to ensuring the operational independence of OIOS.

69. **Mr. Cho** Hyun (Republic of Korea) said that the success of IAAC would depend largely on the ability of Member States to draw up clear terms of reference. The Secretary-General's report on the updated terms of reference for IAAC (A/61/812) provided a good basis for building consensus in that regard.

70. His delegation believed that IAAC should be authorized to examine the full range of OIOS functions, not just the audit function, so as to fully implement its mandate to assist the General Assembly in discharging its oversight responsibilities (resolution 60/248). His delegation therefore supported the ACABQ recommendation that paragraph 2 (a) of the updated terms of reference should be revised accordingly.

71. Preventing IAAC functions from overlapping with those of other oversight entities was a prerequisite for its success. His delegation therefore agreed with ACABQ that providing advice to the General Assembly on the integrity of the audited financial statements of the United Nations should remain within the purview of the Board of Auditors. His delegation also agreed that the effectiveness of IAAC would depend on the expertise of its members, and looked forward to discussing membership criteria in informal consultations.

72. Concerning the strengthening of OIOS, his delegation reiterated that reforms should be predicated on the understanding that OIOS, an internal oversight body, was part of the Secretariat and discharged its mandates, as conferred by the General Assembly, under the authority of the Secretary-General. His delegation agreed with the Advisory Committee that the Secretary-General, as chief administrative officer, should continue to have responsibility for budgetary matters pertaining to OIOS.

73. Lastly, Member States should pay close attention to the reports of the Secretary-General on revised estimates to the programme budget for the biennium 2006-2007 (A/61/610) and new funding arrangements for OIOS (A/61/810), as they were closely related to the future direction of OIOS reform.

74. **Mr. Matsunaga** (Japan) said that the operationalization of IAAC was long overdue. Member States should address and act upon its terms of reference expeditiously. Once operationalized, IAAC would enhance the operational independence of OIOS considerably. As observed by ACABQ there was merit in having IAAC undertake an expert technical review of the oversight budget and advise the Assembly, through ACABQ, of its findings and recommendations. His delegation therefore agreed that IAAC recommendations on OIOS budget proposals should be submitted through the Advisory Committee.

75. Proposals for the strengthening of OIOS, meanwhile, must be based on an accurate understanding of the Office's purpose and functions, as spelled out in paragraph 5 of General Assembly resolution 48/218 B. As an internal oversight body, OIOS was part of the Secretariat and discharged the mandates conferred by the Assembly under the authority of the Secretary-General. As clearly stated in paragraph 69 of the relevant ACABQ report (A/61/605), the necessary ability of OIOS to report to the General Assembly as it deemed necessary, or the access of Member States to its reports, did not derogate from the Office's responsibility to work as a support for management in its efforts to improve the functioning of the Secretariat. The General Assembly had endorsed those and other conclusions and recommendations to the same effect.

76. The Secretary-General's reports on revised estimates to the programme budget for the biennium 2006-2007 (A/61/610) and new funding arrangements for OIOS (A/61/810) were based on the OIOS report on proposals for strengthening OIOS (A/60/901). That document had not yet been addressed or acted upon by the General Assembly. However, any deliberations or decisions concerning resources must be preceded by a thorough discussion of policy considerations.

77. In its report (A/60/901, para. 44), OIOS proposed basing its programme of work and budget on risk assessments, but also conceded that the risk assessment framework had not yet been fully implemented. As noted by the Advisory Committee (A/61/605, para. 80), formulating a budget for OIOS based on risk management was therefore a medium- to long-term goal. It was incumbent on the Secretariat, including OIOS, to present a full and comprehensive description of the methodology to be used and the status of its implementation.

78. The Advisory Committee agreed with the Steering Committee for the governance review (A/61/605, para. 68) that management should acknowledge its responsibilities for setting risk tolerance, implementing controls and managing risk, as that would clarify the responsibilities of management in those areas. Risk management, which should be at the heart of the internal control framework, required strong leadership on the part of the Secretary-General and unequivocal commitment and ownership on the part of programme managers, who were ultimately responsible for its effectiveness. In that regard, the

Advisory Committee had stressed time and again that OIOS and management must cooperate, with management assuming responsibility in assessing and managing risk and OIOS providing objective assurance and support to management in the process.

79. With a view to strengthening internal controls, the establishment and implementation of a risk management framework should be led by the Secretary-General, not implemented in a fragmented manner. His delegation wished to express its concern, therefore, at the approach set out in the OIOS report on proposals for strengthening OIOS (A/60/901) and subsequent reports of the Secretary-General.

80. In its resolution 61/245, the General Assembly had requested the Secretary-General to submit a report on enterprise risk management and the internal control framework. The Advisory Committee had recommended that the Secretary-General should be requested to proceed with the development of the related terms of reference, bearing in mind the Secretary-General's responsibilities in relation to risk management and internal controls, as noted in paragraph 39 of the Advisory Committee's report (A/61/605).

81. With regard to proposed funding arrangements for OIOS, his delegation supported the relevant conclusions of the Advisory Committee. The Secretary-General, as the chief administrative officer of the Organization, should continue to be responsible for presenting the budgetary requirements of OIOS. The arrangement proposed in the Secretary-General's report (A/61/810) was more likely to significantly undermine the integrity of the budget review process than to help enhance the operational independence of OIOS. His delegation concurred with the Advisory Committee that the operational independence of OIOS would be secured through the examination of its workplan and review of its budget by IAAC.

82. Lastly, his delegation also concurred with the Advisory Committee's conclusions and recommendations regarding the revised estimates to the programme budget for the biennium 2006-2007 (A/61/610).

83. **Mr. Berti Oliva** (Cuba) said that the Advisory Committee's report on the strengthening of OIOS (A/61/880) was a good basis for negotiations. The issue must be addressed in light of the mandate given to OIOS in resolution 48/218 B and the fact that OIOS, as an internal oversight body, was part of the Secretariat and under the authority of the Secretary-General. His delegation would oppose any proposal that was not in line with those parameters.

84. More information should be provided in informal consultations regarding the proposed conversion of 39 general temporary assistance positions to established posts, as no clear justification seemed to have been provided; his delegation shared the concerns raised in paragraph 16 of the Advisory Committee's report (A/61/880). His delegation also shared the views expressed in paragraph 38 of that report, as it saw no need to authorize the Secretary-General to enter into commitments of up to $8 million per year to meet unforeseen expenses for oversight services. His delegation hoped that there would be no unnecessary discussions about changing the name of OIOS.

85. Lastly, his delegation would appreciate more information regarding the independent review of the investigation function that the Under-Secretary-General for Internal Oversight Services had mentioned in her statement. He was particularly curious to know who was conducting the review and when the Committee could expect to receive the results.

The meeting rose at 12.05 p.m.

United Nations A/C.5/61/SR.48

General Assembly
Sixty-first session

Official Records

Distr.: General
17 July 2007

Original: English

Fifth Committee

Summary record of the 48th meeting
Held at Headquarters, New York, on Wednesday, 9 May 2007, at 10 a.m.

Chairman: Mr. Yousfi ..... (Algeria)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Saha

Contents

Agenda item 115: Financial reports and audited financial statements, and reports of the Board of Auditors (*continued*)

Agenda item 132: Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations (*continued*)

Overview of the financing of the United Nations peacekeeping operations

Procedures for the purchase and utilization of vehicles and other equipment by United Nations field missions

Improvement of internal controls in management, accounting and reporting of assets of all United Nations field missions

Disarmament, demobilization and reintegration

Special measures for protection from sexual exploitation and sexual abuse

Comprehensive report prepared pursuant to General Assembly resolution 59/296 on sexual exploitation and sexual abuse, including policy development implementation and full justification of proposed capacity on personnel conduct issues

Report of the Office of Internal Oversight Services: Part two: peacekeeping operations

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

07-33647 (E)

Report of the Office of Internal Oversight Services on its investigation into allegations of sexual exploitation and abuse in the Ituri region (Bunia) in the United Nations Organization Mission in the Democratic Republic of the Congo

Report of the Office of Internal Oversight Services on the horizontal audit of fuel management in peacekeeping missions

Report of the Joint Inspection Unit: Evaluation of results-based budgeting in peacekeeping operations

The meeting was called to order at 10.15 a.m.

Agenda item 115: Financial reports and audited financial statements, and reports of the Board of Auditors (*continued*) (A/61/5 (Vol. II), A/61/811 and A/61/866)

1. **Mr. Brouder** (Chairman of the Audit Operations Committee of the Board of Auditors) introduced the report of the Board of Auditors on the United Nations peacekeeping operations for the 12-month period from 1 July 2005 to 30 June 2006 (A/61/5 (Vol. II)).

2. In conducting its audit, the Board had visited 12 active peacekeeping missions and the United Nations Logistics Base at Brindisi, Italy. The audit had also covered 22 completed missions, the Peacekeeping Reserve Fund and the support account for peacekeeping operations. Owing to security considerations, the Board had been unable to visit the Democratic Republic of the Congo or Lebanon. The accounts of the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC), the United Nations Disengagement Observer Force (UNDOF) and the United Nations Interim Force in Lebanon (UNIFIL) had therefore been audited at Headquarters.

3. The total income for peacekeeping operations had risen by 13 per cent over the previous financial period; however, expenditure had also increased, by approximately 12 per cent. Owing to the decrease in assessed contributions outstanding, the cash/liability ratio had improved significantly: for the year ended 30 June 2005, there had been $0.85 in cash for every $1 in debt; for the year ended 30 June 2006, there had been $1.19 in cash for every $1 in debt. Total assets and total liabilities for the year ended 30 June 2006, had amounted to $3.72 billion and $1.84 billion, respectively.

4. The Board had issued an unqualified audit opinion, according to which the financial statements presented fairly the financial position of the United Nations peacekeeping operations as at 30 June 2006 and the transactions of the United Nations peacekeeping operations had in all significant respects been in accordance with the Financial Regulations and Rules of the United Nations and legislative authority. However, the Board had also drawn attention to three matters of concern. First, outstanding assessed contributions older than 12 months had amounted to $706.3 million out of the total outstanding assessed contributions of $1.27 billion. The Organization had made no provision for delays in collection and had explained that those contributions represented binding commitments of Member States. Second, the savings on or cancellation of prior-period obligations had amounted to $304.2 million, representing an increase of 81.3 per cent over that of the preceding financial period of $167.8 million. Since the accounting policy recognized outstanding obligations as part of expense prior to their actual disbursement, the Board was concerned that prior-year expenditures had been overstated. Third, note 13 to the financial statements did not disclose the actuarial valuation of liabilities for after-service health insurance of personnel in the peacekeeping operations. The provision in respect of peacekeeping staff members had not been separately determined and disclosed, but was reflected in the United Nations financial statements (A/61/5 (Vol. I)) in aggregate with other United Nations Secretariat personnel. It had been several years since the Board had raised such major concerns. However, though fundamental, they did not alter the Board's view that the financial position of the United Nations peacekeeping operations as at 30 June 2006 had been presented fairly.

5. When considering the Board's main recommendations, it should be borne in mind that peacekeeping operations had grown rapidly; the number of recommendations that had been implemented had fallen since the previous year; and some of the weaknesses identified were directly linked to the functioning of the Department of Peacekeeping Operations and could therefore have serious consequences. He referred in particular to procurement management and aviation safety. Such issues did not have an impact on the Department's current financial situation, but must still be raised.

6. With regard to procurement and contract management, the Board had noted that the Procurement Service had still been unable to influence the geographical distribution of contracts in such a way as to increase procurement opportunities for vendors from developing countries and countries with economies in transition. It had also found deficiencies in such areas as vendor registration, vendor performance evaluations, adequacy of performance bonds, procurement lead times and procurement planning.

7. With regard to air operations, the Board had noted the discrepancy between total flight hours budgeted and total flight hours utilized; the low level of on-site aviation quality inspection and regular performance evaluation; the inadequate number of support staff; and the fact that an Aviation Safety Council had not yet been established.

8. With regard to vehicle fleet management, the Board had noted that the United Nations Interim Administration Mission in Kosovo (UNMIK) had overpaid a fuel supplier $2.3 million over a period of more than four years because the fluctuation in the price per litre had not been adequately verified in relation to the contract signed with the supplier. The Board had also noted inconsistencies in the implementation of vehicle rotation and replacement policies. A total of 7,043 accidents had occurred during the period under consideration, resulting in accident costs estimated at $2.5 million.

9. With regard to asset management, the Board had noted that property pending write-off and disposal had amounted to $39.8 million as at 30 June 2006 and that the Headquarters Property Survey Board had a backlog of at least 400 cases. The reason was not poor management, but rather the discrepancy between the current level of delegation of authority and demand. The Board had called for delegations of authority to be revised in order to reduce the number of cases being referred to the Headquarters Property Survey Board and speed up the write-off and disposal process.

10. With regard to strategic deployment stocks, the Board had noted that replenishment of strategic deployment stocks was tracked and matched upon actual receipt of goods by the recipient missions instead of at the time of issuance of the material release order. That practice placed the stocks at risk of being critically low to the point where the Logistics Base would be unable to respond fully to urgent needs. Noting that new or expanding peacekeeping operations would be most affected, he said that replenishment action should commence at the time of the release of stocks.

11. With regard to rations, the Board had noted that, in order to ensure proper management of rations, a number of issues needed to be addressed, including the absence of back-up plans for the supply of essentials and the absence of punitive clauses in the rations contract, and that four ration contracts totalling $197.7 million had not been supported by the required contractor's performance evaluation reports.

12. With regard to quick-impact projects, the Board had observed that in at least three missions, monthly reports of ongoing projects had not been submitted by the executing agencies, contrary to the memorandums of understanding. In the United Nations Mission in Ethiopia and Eritrea (UNMEE), many projects had not been completed within six to eight weeks, as called for by the terms of reference, thereby defeating the very purpose of a quick-impact project.

13. With regard to the support account for peacekeeping operations, it had been agreed that the Department of Peacekeeping Operations would prepare the analysis requested by the Advisory Committee on Administrative and Budgetary Questions (ACABQ), with inputs from the Office of Internal Oversight Services (OIOS), and submit it to the Board for its consideration. At the time of the Board's audit, however, the analysis had still not been finalized. The Board had nonetheless observed that there was no defined formula or model to show the relationship between the level and complexity of peacekeeping operations and the level of the support account and that some job descriptions and workplans did not provide adequate, clear, specific, consistent and updated information, making it impossible to say whether or not posts were being used as intended.

14. Lastly, with regard to integrated missions, he said that the Board followed closely the discussions of the Department of Peacekeeping Operations on the subject. The issuance of the guidelines on the integrated missions planning process, which had been endorsed by the Secretary-General's Policy Committee on 13 June 2006, was an important step towards the formal establishment of effective integrated missions.

15. **Mr. Childerley** (Chief of the Oversight Support Unit in the Office of the Under-Secretary-General for Management) introduced the report of the Secretary-General on the implementation of the recommendations of the Board of Auditors concerning United Nations peacekeeping operations for the financial period ended 30 June 2006 (A/61/811), which had been prepared in accordance with paragraph 7 of General Assembly resolution 48/216 B. It also responded to paragraph 11 of resolution 60/234 A, which requested the Secretary-General to include, in future reports, information on

the setting of time frames, the identification of office holders and priorities for implementation.

16. For each recommendation contained in the Board's report, the Secretary-General's report provided details of the department responsible, the status, the priority and, in cases where the recommendation had yet to be implemented, the target date for implementation. The Administration had noted that the Board had categorized 28 of its recommendations as "main" recommendations. While the implementation of all recommendations would be treated as a priority, the main recommendations had been designated as high priority and the other recommendations as medium priority. Table 1 of the report showed the status of implementation of main recommendations, by department responsible, and table 2, the status of implementation of all recommendations, by department responsible.

17. The Administration continued to work closely with the Board and had made every effort to provide full and complete information to the Board for inclusion in its report. Consequently, in many cases the Board's report adequately reflected the Administration's position on each recommendation. Thus, in the Secretary-General's report, it had proved necessary to comment further on only 39 of the Board's 63 recommendations.

18. The report also took account of paragraph 8 of resolution 60/234 B, which requested the Secretary-General to provide full explanation for the delays in implementation of the recommendations of the Board for the period ended 30 June 2005. To meet that requirement, the Administration had identified those recommendations contained in the Board's previous report (A/60/5 (Vol. II)) that had been targeted for implementation during 2006 or had not been accepted. Where those recommendations were highlighted in the Board's current report as still outstanding, the updated status had been included in chapter IV of the Secretary-General's report, complete with an explanation of progress to date, the department responsible, current status, priority and revised target date, where applicable.

19. He would not go into detail regarding individual recommendations, as they were adequately covered in the report. The Secretariat would, however, provide assistance on specific issues as and when necessary.

20. **Mr. Saha** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) introduced the related report of ACABQ (A/61/866), which addressed some general issues relating to the findings of the Board of Auditors. The Board's comments assisted the Advisory Committee in its consideration of the performance reports and budgets of the peacekeeping operations, and references to the Board's findings would be found throughout the Advisory Committee's reports on individual peacekeeping operations.

21. The Advisory Committee welcomed the Board's efforts to formulate its recommendations in a manner which facilitated the process of implementation, including measurement of progress achieved, and encouraged it to continue making improvements along those lines.

22. The significant cancellation of prior-period obligations, which the Board had raised as a matter of concern in its audit opinion, suggested shortcomings in budget planning and administration. The Advisory Committee had repeatedly called for stricter control over obligations. Though there were inherent uncertainties in budgeting for peacekeeping, as compared with the regular budget, the United Nations had enough experience to make significant progress in resolving those problems, especially in the more stable missions.

23. The Board had reiterated its recommendation that the Administration should monitor ex post facto procurement submissions to ensure adequate justification and accountability for delays. The Advisory Committee noted with interest that a field liaison team had been established to administer procurement cases submitted from peacekeeping missions for review by the Headquarters Committee on Contracts and that a new section for planning, compliance and monitoring was being created. The Advisory Committee trusted that those initiatives would help to expedite the procurement process and ensure compliance with procurement rules.

24. The Advisory Committee concurred with the Board's observations on budgeting for air operations and stressed that realistic estimates should take into account usage patterns as well as any known variables which would affect the usage of air assets, such as a change in the mandate or activities related to elections. Furthermore, it was the view of the Advisory

Committee that a cost-benefit analysis of the new costing structure for air operations was long overdue and should be expedited.

25. The Board of Auditors had reiterated its recommendation that the Department of Peacekeeping Operations should develop and implement regional coordination plans, and the Administration had again rejected the recommendation, stating that a plan for regional coordination was not appropriate and that the focus should instead be on inter-mission cooperation to address cross-border activities. The Advisory Committee noted that, despite its non-acceptance of the Board's recommendation, the Administration had reported on progress achieved in the development and implementation of regional coordination/inter-mission cooperation plans and initiatives and on cross-cutting services in its overview report on the financing of the United Nations peacekeeping operations (A/61/786). The Advisory Committee continued to believe that planning for such regional cooperation was desirable and therefore reiterated its support for the Board's recommendation.

26. **Mr. Hussain** (Pakistan), speaking on behalf of the Group of 77 and China, said that the Group attached great importance to the work of the Board of Auditors. He noted with satisfaction that the Board, through its unqualified audit opinion, had covered almost every aspect of the United Nations peacekeeping operations for the financial period ended 30 June 2006. The Board had also made a number of pertinent recommendations which the Administration should implement expeditiously.

27. The Group concurred with the Board's and the Advisory Committee's findings and recommendations on many key issues. He noted the ageing of the Board's previous recommendations that had not yet been fully implemented and reiterated that responsibility for the timely implementation of the Board's recommendations lay with the Administration.

28. The Group was concerned by the fact that, of the total outstanding contributions of $1.27 billion, $706.3 million had been outstanding for over one year. The Administration had regularly provided Member States with information on outstanding assessments and urged prompt payment. He appealed to all those Member States that had not yet done so to pay their assessed contributions on time, in full and without conditions.

29. The Group noted that the savings on or cancellation of prior-period obligations amounted to $304.2 million, representing an increase of 81.28 per cent over that of the preceding financial period. The Group agreed that significant cancellation of prior-period obligations could indicate a requirement for better budget planning and administration and that the reasons for the increase should be assessed so as to avoid overbudgeting in the future.

30. Turning to procurement and contract management, the Group noted that the Board had reiterated a number of its previous recommendations. The Group continued to attach great importance to increasing United Nations procurement opportunities for vendors from developing countries and countries with economies in transition. In that regard, the Group was disconcerted by the Board's observation that, although 83 per cent of total operational expenditure had been incurred by missions in Africa, 56 per cent and 20 per cent of the contracts' value had been allocated to vendors in Europe and the Americas, respectively. The Group would also be closely monitoring the measures proposed or undertaken by the Administration on such issues as vendor registration, vendor performance evaluation, performance bonds, procurement planning, delegation of authority, vacancy rates for procurement staff and ex post facto submission for approval of procurement contract awards. He hoped that the Administration would comply with the guidelines of the Procurement Manual and ensure proper procurement and contract management.

31. Safe and well-managed transportation was essential to the efficiency and effectiveness of peacekeeping operations and the safety and welfare of peacekeepers. In that regard, the Group was concerned by the gap between budgeted and actual flight hours, the low rate of on-site aviation quality inspection of carriers and performance evaluation of aircraft and the shortages in aviation staffing, and called for an expedited study to determine whether or not the change of air operations contracts to the new costing structure had resulted in savings and reflected current commercial practices.

32. The success of peacekeeping operations depended on effective coordination at both the inter-mission and regional levels. The Group hoped that regional coordination plans aligned with the missions' objectives would be implemented expeditiously.

33. The support account for peacekeeping operations was another area of concern. The Group was distressed by the Board's observation that the activities detailed in the workplans for support account posts had been stated in general terms and not in a manner that would facilitate the identification of their relation to peacekeeping operations. That made it difficult to determine whether posts under the support account had been and continued to be used for the intended purpose of backstopping peacekeeping operations. The Group looked forward to the results of the Secretary-General's comprehensive analysis of the evolution of the support account.

34. **Mr. Thomma** (Germany), speaking on behalf of the European Union; the candidate countries Croatia and Turkey; the stabilization and association process countries Montenegro and Serbia; and, in addition, Iceland, Liechtenstein and Ukraine, said that assessed contributions outstanding for the period 2005/06, though considerably lower than for the previous period, were still significant enough to negatively affect cash flows and encourage cross-borrowing between individual peacekeeping accounts. It was essential that all Member States should pay their contributions in full, on time and without conditions.

35. The European Union noted with concern that 47 of the Board's previous recommendations had not yet been fully implemented and called on the Secretariat to remedy the situation and implement ageing recommendations without delay. That would result in more efficient use of resources and yield savings without undermining the objectives of individual operations, especially in view of the surge in peacekeeping operations. In that regard, he welcomed the Board's initiative to highlight progress achieved and prioritize its recommendations, thereby facilitating their implementation.

36. Lastly, the European Union was concerned about the increase in cancellations of prior-year unliquidated obligations and other issues relating to procurement, air operations, vehicle fleet management, regional cooperation, budgeting and human resources management. It would be raising those concerns in informal consultations.

Agenda item 132: Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations (*continued*)

Overview of the financing of the United Nations peacekeeping operations (A/60/696, A/61/786 and A/61/852)

Procedures for the purchase and utilization of vehicles and other equipment by United Nations field missions (A/60/842)

Improvement of internal controls in management, accounting and reporting of assets of all United Nations field missions (A/60/843)

Disarmament, demobilization and reintegration (A/60/705 and A/60/929)

Special measures for protection from sexual exploitation and sexual abuse (A/60/861 and A/61/886)

Comprehensive report prepared pursuant to General Assembly resolution 59/296 on sexual exploitation and sexual abuse, including policy development, implementation and full justification of proposed capacity on personnel conduct issues (A/60/862 and A/61/886)

Report of the Office of Internal Oversight Services: Part two: peacekeeping operations (A/61/264 (Part II) and Add.1)

Report of the Office of Internal Oversight Services on its investigation into allegations of sexual exploitation and abuse in the Ituri region (Bunia) in the United Nations Organization Mission in the Democratic Republic of the Congo (A/61/841)

Report of the Office of Internal Oversight Services on the horizontal audit of fuel management in peacekeeping missions (A/61/760 and Corr.1)

Report of the Joint Inspection Unit: Evaluation of results-based budgeting in peacekeeping operations (A/60/709 and Add.1)

37. **The Chairman** commended all civilian and military peacekeeping personnel who were striving to maintain international peace and security in extremely difficult conditions. He also extended his sympathies to the families of those who had perished in the line of duty.

38. **Mr. Sach** (Controller), introducing the Secretary-General's reports on the overview of the financing of the United Nations peacekeeping operations: budget performance for the period from 1 July 2004 to 30 June 2005 and budget for the period from 1 July 2006 to 30 June 2007 (A/60/696) and on the overview of the financing of the United Nations peacekeeping operations: budget performance for the period from 1 July 2005 to 30 June 2006 and budget for the period from 1 July 2007 to 30 June 2008 (A/61/786), said that the scope, dynamic nature and unpredictability of peacekeeping activities continued to pose significant challenges. The peacekeeping budget for the period from 1 July 2007 to 30 June 2008 was currently estimated at $5.3 billion, although the final resource requirements could exceed $6 billion if new operations (in Chad, the Central African Republic, Darfur and Somalia) were established by the Security Council.

39. Referring to the timetable for the submission of the reports, he said that changes to almost all the large operations over the last six months meant that the Secretariat was struggling to keep to the established budgetary cycle. A total of 37 financing reports for the 2007/08 period had been scheduled for submission: 15 reports had been submitted to the Department for General Assembly and Conference Management by the end of January 2007, 12 by the end of February 2007, and the remainder, with the exception of the proposed budgets for the support account for peacekeeping operations, the United Nations Stabilization Mission in Haiti (MINUSTAH), the United Nations Interim Force in Lebanon (UNIFIL) and the United Nations Integrated Mission in Timor-Leste (UNMIT), which had been submitted in the third week of April 2007, had been submitted by the end of March 2007.

40. He recalled that the General Assembly had decided to defer its consideration of the overview report contained in document A/60/696 until the main part of its sixty-first session. Since then, the General Assembly and the Advisory Committee had made a number of requests and recommendations, which were reflected in the updated report contained in document A/61/786. That report also set out the policy on quick-impact projects and described future initiatives to be undertaken by the Department of Peacekeeping Operations concerning the management of peacekeeping operations. It also provided summaries of financial information relating, inter alia, to budget performance for the period from 1 July 2005 to 30 June 2006, planned and actual vacancy rates for the performance period, proposed resources for the period from 1 July 2007 to 30 June 2008, death and disability compensation, reimbursements to troop-contributing countries, and an updated report on the status of the Peacekeeping Reserve Fund. The report included projected amounts for the 2007/08 period because, at the time of submission, the Secretariat was still in the process of finalizing the estimates for certain missions.

41. Total resources for the 2005/06 period had amounted to $5 billion. The related expenditure had amounted to $4.6 billion, leaving an unencumbered balance of $463 million. The overall budget implementation rate for the period had been 91 per cent. In his report on liabilities and proposed funding for after-service health insurance benefits (A/61/730), the Secretary-General had proposed that $410 million should be drawn from interest and other income and unencumbered balances of peacekeeping operations to fund those liabilities. The performance reports for individual missions reflected that initiative, but, in light of the decision of the General Assembly contained in resolution 61/264, those amounts would instead be credited to Member States.

42. The budget estimates for the 2007/08 period included efficiency gains of about $40 million, as compared with $17 million for the preceding period. Those gains were the result of cost savings arising from specific management initiatives, which were described in the results-based budgeting frameworks. The budget estimates for 2007/08 took those gains into account. The estimates also included mission-specific average actual salary costs and common staff costs for international staff. However, in view of the aforementioned decision of the General Assembly contained in its resolution 61/264, the provision of 8 per cent of common staff costs for the purpose of funding after-service health benefits would be excluded from the final estimates.

43. The General Assembly was requested to endorse the proposed management initiatives described in sections III.B and III.C of document A/61/786 and to apply the balance of $7,097,000 in excess of the authorized level of the Peacekeeping Reserve Fund to meet the financing of the support account for peacekeeping operations for the period from 1 July 2007 to 30 June 2008.

44. Turning to the other reports currently before the Committee, he drew attention to the Secretary-General's report on procedures for the purchase and utilization of vehicles and other equipment by United Nations field missions (A/60/842), which had been submitted pursuant to paragraph 8 of General Assembly resolution 59/270. The Secretary-General's report on the improvement of internal controls in management, accounting and reporting of assets of all United Nations field missions (A/60/843) set out the procedures implemented to improve those controls in order to establish reliable records. Lastly, the Secretary-General's report on disarmament, demobilization and reintegration (A/60/705) discussed an increased engagement of the United Nations in those activities in complex peacekeeping and non-peacekeeping operations over the previous five years, including lessons learned from those operations. It also discussed the development of a new approach to disarmament, demobilization and reintegration within the United Nations system, based on the lessons learned.

45. **Mr. Cooper** (Director, Administrative Support Division, Department of Peacekeeping Operations), introducing the Secretary-General's report on special measures for protection from sexual exploitation and sexual abuse (A/60/861), said that the report presented data on allegations of sexual exploitation and abuse in the United Nations system during the period from January to December 2005 and on the current status of investigations. The total number of 373 allegations registered in 2005, the majority of which related to the Department of Peacekeeping Operations, was considerably higher than the 121 allegations reported in 2004. That increase might be partly attributable to greater awareness and use of reporting mechanisms.

46. Paragraphs 14 to 16 of the report contained information about the measures taken by the Task Force on Protection from Sexual Exploitation and Abuse. The Secretary-General remained committed to preventing sexual exploitation and abuse and to changing the organizational culture that permitted such acts. Member States were urged to provide their full support to those endeavours. The General Assembly was requested to take note of the report.

47. The Secretary-General's comprehensive report prepared pursuant to General Assembly resolution 59/296 on sexual exploitation and sexual abuse, including policy development, implementation and full justification of proposed capacity on personnel conduct issues (A/60/862) provided comprehensive justification for a proposed dedicated capacity to address conduct and discipline issues in United Nations peacekeeping operations, as well as an overview of the comprehensive Department of Peacekeeping Operations strategy on sexual exploitation and abuse by United Nations peacekeeping personnel, which was based primarily on the broad package of reforms endorsed by the General Assembly in its resolution 59/300. That strategy took a three-pronged approach composed of measures aimed at preventing misconduct, enforcing United Nations standards of conduct and taking remedial action, and it placed considerable emphasis on communicating to the leadership of peacekeeping operations their responsibilities. In addition, a wide range of awareness-raising measures on United Nations standards of conduct had been developed and disseminated to peacekeeping operations, Member States and the wider United Nations system. Between 1 January 2004 and April 2007, the United Nations had completed investigations into allegations of sexual exploitation and abuse involving 396 peacekeeping personnel, resulting in the dismissal of 19 civilians and 163 uniformed personnel.

48. A longer-term, dedicated capacity to address conduct and discipline issues, in the form of conduct and discipline teams, was required in Department of Peacekeeping Operations and in the field. Such teams were essential to provide strategic guidance and an overview of discipline in field missions, and would ensure that a systematic and consistent approach was taken to conduct and discipline issues in peacekeeping operations. The General Assembly was requested to take note of the report.

49. **Mr. Saha** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the Advisory Committee's general report on administrative and budgetary aspects of the financing of the United Nations peacekeeping operations (A/61/852), said that, as the cost and complexity of United Nations peacekeeping operations continued to increase, the Advisory Committee remained acutely aware of its responsibility to assist the Fifth Committee in its consideration of funding requests submitted by the Secretary-General. However, its review of the peacekeeping budgets had been hindered by the need to devote part of its winter

session to non-peacekeeping items and by the late submission of related documentation.

50. While the Advisory Committee had noted the efforts made to improve the results-based presentation, the success of those efforts had been uneven. Too often, there were no clear links between outputs and expected accomplishments and objectives, and the results-based framework was not clearly linked to the mission's mandate or the resources requested. Without those linkages, the whole endeavour risked becoming an empty bureaucratic exercise with little value as a management tool; an improved capacity to collect cost information would facilitate matters.

51. As far as management issues were concerned, the Advisory Committee believed that the proposed staffing structure for many missions was based on a template for an integrated mission rather than on an analysis of the specific functions, workload and responsibilities of each mission. An examination of the effectiveness of the template in the light of experience would therefore be timely. The time had also come to evaluate in-house the impact and effectiveness of adding posts in the field to perform the best practices function. The Advisory Committee was concerned about the absence of concrete action in response to its request that the efficiency and effectiveness of management and administrative processes should be reviewed before additional resources were requested. A specific strategy and plan for work process improvement should be developed, and the Secretary-General should demonstrate that management and administrative processes were efficient before seeking additional resources.

52. In the area of financial management, while substantial capacity existed to support the budget function, the Advisory Committee was not persuaded that the sum of that capacity created value commensurate with its cost. The next overview report should therefore include related information, and the budget process, while ensuring fiscal prudence and budgetary discipline, should be streamlined and expedited. Other issues relating to financial management were discussed in paragraphs 24-27 of the report.

53. With regard to the planning and organization of missions, the Advisory Committee had emphasized the importance of the predeployment planning phase and of drawing on lessons learned. In that connection, the respective roles of the mission and its partners should be clearly delineated and cooperation modalities well understood.

54. Turning to the question of military personnel, he said that there had been significant overbudgeting for military and police personnel costs. Greater efforts must therefore be made to use realistic budgetary assumptions and to keep related obligations under review. In view of the increased costs of troop rotation in some missions, the Advisory Committee encouraged the Secretary-General to explore ways of reducing those costs. The working group on contingent-owned equipment should taken up the question of appropriate rates of reimbursement for a number of new items associated with the deployment of a naval force and heavy equipment. The Advisory Committee also recommended acceptance of the recommendations made by the relevant working group on the status of United Nations staff officers and payment of mission subsistence allowance to them in lieu of reimbursement to troop-contributing countries.

55. The continuing high vacancy rates for civilian staff in many peacekeeping operations were cause for concern, but the Advisory Committee had noted the steps taken to tackle that problem. It favoured enhanced delegation of authority to missions for recruitment, accompanied by appropriate steps to ensure accountability. In the context of recruitment, attention should be paid to relevant language skills, to maintaining an appropriate balance in selections at the senior management level and to improving the gender balance at all levels. He drew attention to the other issues relating to civilian personnel discussed in paragraphs 40, 43, 44, 45 and 46 of the report.

56. Turning to operational costs, he said that further steps should be taken to make training programmes more cost-effective. Furthermore, national staff should be fully included in relevant programmes. The Advisory Committee had taken note of measures taken to economize in the area of air operations, which accounted for a third of all operational costs. Notwithstanding those efforts, there had been significant increases in requests for air operations in some missions. Such increases should be fully justified in future budget proposals. The Advisory Committee recommended that the Secretary-General should report to the General Assembly at its resumed sixty-second session on his comprehensive review of transportation requirements in large missions. It also looked forward

to reviewing the analysis of the impact of the new costing structure relating to air operations.

57. Petrol, oil and lubricants were a major item of expenditure for peacekeeping operations; accordingly, the Secretary-General should begin preparing the fuel management manual and standard operating procedures requested by the General Assembly without delay. The Advisory Committee looked forward to receiving information on the review of business models for the provision of fuel and on measures taken to improve fuel management, including the mission electronic fuel accounting system and Fuelog projects.

58. He also drew attention to paragraphs 57, 58 and 62 of the report, which discussed quick-impact projects; fraud, corruption, mismanagement, misconduct and conflict of interest; and regional cooperation, respectively.

59. Turning to the Advisory Committee's report on disarmament, demobilization and reintegration (A/60/929), he pointed out that, when the Advisory Committee had considered the relevant report of the Secretary-General (A/60/705), the integrated disarmament, demobilization and reintegration standards mentioned in that report had not yet been launched. The Secretary-General had indicated his intention to provide additional support to disarmament, demobilization and reintegration programmes in the field and to create an integrated, inter-agency United Nations capacity, building on the existing secretariat. In that connection, the Advisory Committee trusted that existing capacities would be taken into consideration when formulating proposals for the creation of secretariat structures. It would also be necessary to define how the Inter-Agency Working Group on Disarmament, Demobilization and Reintegration was related to the Peacebuilding Commission.

60. Lastly, introducing the Advisory Committee's report on special measures for protection from sexual exploitation and sexual abuse and on the comprehensive report prepared pursuant to General Assembly resolution 59/296 on sexual exploitation and sexual abuse (A/61/886), he said that serious misconduct, especially with respect to sexual exploitation and abuse, deserved to be highlighted in the context of the redesign of the internal system of justice in order to ensure that an effective, Organization-wide framework was developed and implemented. The Advisory Committee recommended that the General Assembly should take note of the relevant reports of the Secretary-General (A/60/861 and A/60/862).

61. **Ms. Ahlenius** (Under-Secretary-General for the Office of Internal Oversight Services), introducing the reports of OIOS on peacekeeping operations (A/61/264 (Part II)); on the horizontal audit of fuel management in peacekeeping missions (A/61/760); and on its investigation into allegations of sexual exploitation and abuse in the Ituri region (Bunia) in the United Nations Organization Mission in the Democratic Republic of the Congo (A/61/841), said that all three reports highlighted the absence of a robust internal control framework that set out management's responsibility for the control environment, risk assessment, control activities, information and communication, and monitoring an internal control framework represented the infrastructure of any organizational entity and enabled managers to discharge their responsibilities. It set the standards by which organizations could systematically organize, structure and measure the effectiveness of their internal control system and allowed managers to ensure that they were not only in charge, but also in control. In many instances, where the lack or weakness of internal control had exposed the Organization to unnecessary risk. Lapses in the control environment had led to the mismanagement and misuse of the Organization's resources.

62. The report of OIOS on peacekeeping operations (A/61/264 (Part II)), which covered the 18-month period from 1 July 2005 to 30 December 2006, showed that OIOS had issued more than 170 oversight reports relating to peacekeeping, accounting for half of the recommendations made during that period; 463 allegations of sexual exploitation and abuse in peacekeeping missions had been received and in two separate cases OIOS had substantiated allegations that military contingent members had sexually abused underage girls. Senior officers of one military contingent at UNIFIL, including the Commanding Officer, had set up a scheme whereby they had fraudulently overstated their fuel requirements and then sold the excess fuel to local buyers. They had also sold United Nations rations to local supermarkets and sought reimbursement for numerous vehicles that had not been used.

63. Audits and investigations of procurement had identified serious deficiencies in procurement

management, systems and processes. The OIOS Procurement Task Force had been established to investigate wrongdoing in all procurement matters throughout the Organization. It had a caseload of 225 cases in the Department of Peacekeeping Operations and peacekeeping missions, 148 of which were under investigation. The Task Force had found that four staff members and seven vendors had committed fraud; three staff members had violated United Nations rules and regulations; and four staff members had committed acts of mismanagement.

64. Extensive fraudulent schemes which had gone on for many years had been identified at United Nations Headquarters and in peacekeeping missions, with the result that a number of vendors had been debarred for wrongful conduct. In the United Nations Mission in the Sudan (UNMIS), audits had found serious control weaknesses, potential fraud indicators, wasteful expenditures, overpayments to vendors and questionable procurement practices. In MINUSTAH, 12 procurement actions totalling $9.1 million had been undertaken in breach of standard procedures. A quick-impact audit covering 10 peacekeeping missions had found a low level of compliance with bid opening procedures. The report also highlighted significant audit and inspection findings concerning the management of assets, human resources, programmes and projects. It also contained a review of the methodology for allocating resident auditors to peacekeeping missions. OIOS proposed to continue using that methodology in allocating its resources, while also taking into account the risk assessments conducted in individual missions.

65. The report on the horizontal audit of fuel management (A/61/760) revealed that, in the 10 missions audited between 1 July 2005 and 30 June 2006, fuel expenditures to support peacekeeping operations had totalled nearly $300 million and internal controls over fuel management needed to be improved substantially. Among the major control weaknesses identified were that standard operating procedures on fuel management had been in draft form and applied inconsistently; the mechanisms for monitoring fuel consumption had been inadequate; receipt and inspection of fuel deliveries had not been performed consistently, resulting, for instance, in the acceptance of contaminated aviation fuel at the United Nations Assistance Mission in Afghanistan (UNAMA); and payments to fuel vendors had been processed without adequate supporting documentation and verification, leading UNMIK to overpay one contractor by $2 million over a period of four years. In the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC), prepayments totalling $5.7 million had been made for the delivery of strategic fuel stock, yet as at the date of the audit, the contractor had still owed the mission $1.9 million in fuel reserves. Non-compliance with the United Nations Procurement Manual in the procurement of fuel products had also been found in MINUSTAH, UNAMA and the United Nations Assistance Mission for Iraq (UNAMI). Out of the 182 recommendations that had been made by OIOS to the missions, 83 of which had been considered critical, the Department of Peacekeeping Operations had accepted 174 and had already initiated action to implement most of them.

66. Turning to the report on the investigation into allegations of sexual exploitation and abuse in Ituri (A/61/841), she said that OIOS had received 217 allegations against 75 peacekeepers during a one-month period from 17 January to 13 February 2006. However, OIOS had found sufficient evidence to substantiate only one of those allegations. Nevertheless, it believed that girls and young women in Bunia remained at high risk of sexual exploitation and abuse. The report highlighted the proactive approach taken by one military contingent to prevent further exploitation and abuse; she hoped that such efforts would serve as a model for all peacekeeping operations. In conclusion, OIOS had made five recommendations in the report, including one that reiterated six recommendations it had made in its previous report on the subject (A/59/661). All recommendations had been accepted by the Department of Peacekeeping Operations and MONUC and a total of four recommendations were still in the process of implementation.

67. **Mr. Fontaine Ortiz** (Joint Inspection Unit), introducing the Joint Inspection Unit (JIU) report entitled "Evaluation of results-based budgeting in peacekeeping operations" (A/60/709), said that the report had been prepared in response to General Assembly resolution 57/290 B of 18 June 2003. Results-based budgeting was relatively new in peacekeeping and had only been introduced in 2002. Since the completion of the evaluation, many events had taken place, including the endorsement by the General Assembly of the benchmarking framework for

the implementation of results-based management in the United Nations system (resolution 60/257) and the issuance of a more comprehensive JIU report on the subject (A/61/805). In 2005, the United Nations System Chief Executives Board for Coordination (CEB) had invited all United Nations system organizations to endorse the benchmarking framework and to use it in implementing results-based management.

68. The findings contained in the JIU report were based on research and interviews conducted both at Headquarters and in current peacekeeping missions in Côte d'Ivoire, Haiti, Liberia and Sierra Leone. While the evaluation had been carried out using the benchmarking framework as a yardstick, peacekeeping operations were still using results-based budgeting only for planning, programming and budgeting and not as a systematic managerial tool. That shortcoming was primarily due to the fact that comprehensive results-based management was not yet being implemented in the United Nations, although results-based budgeting frameworks were being used in certain field operations.

69. The results-based approach had helped facilitate understanding and dialogue among the different parties involved in the process, including the Security Council and the General Assembly, and gave them a common understanding, conceptualization, terminology and sense of direction in relation to the results being sought. While the expected results should be commensurate with the resources allocated, there was a mismatch in the case of peacekeeping operations because the Security Council set the overall objectives while the General Assembly approved the resources. JIU firmly believed that if the General Assembly and the Security Council wished to pursue a results-based management approach, they should find ways and means to ensure coherence and consistency in the adoption of the mandates and objectives of peacekeeping operations and the provision of related resources. Accordingly, it had proposed a concrete set of procedures for reinforcing the respective mandates of the Security Council and the General Assembly with regard to the integrated mission implementation plan.

70. Peacekeeping operations had evolved into complex undertakings with multidimensional elements in fast-changing and unstable environments subject to the influence of external and unforeseen factors. Since each operation was unique in terms of geography, timing and circumstances, the General Assembly, in its resolution 57/290 B, had requested the Secretary-General to ensure that, in applying results-based budgeting to peacekeeping budgets, the specific characteristics and mandates of each peacekeeping mission were taken fully into account. Consequently, the key to success in results-based management was to properly identify external factors from the outset and incorporate them into the planning process.

71. Applying a results-based approach in peacekeeping operations was difficult because of the problems involved in coordinating activities in unstable environments with different participating partners and components. Recommendation 5 of the JIU report invited the Secretary-General to lead the preparation of an institutional framework within CEB, proposing the operational doctrine, road map, rules of engagement and guidelines for United Nations system involvement in integrated peace missions, to be submitted for consideration and approval by the respective legislative organs of the United Nations system organizations.

72. A key step for results-based management was to identify long-term goals and objectives to be pursued by peacekeeping operations. To determine such objectives, preliminary information on the specific situation should be collected and analysed to provide the Security Council and the General Assembly with realistic and up-to-date information. The current lack of a realistic, accurate, comprehensive and up-to-date assessment of pre-conflict situations was a serious obstacle to the formulation of specific, measurable, attainable, relevant and time-bound mandates.

73. In 2000, the Panel on United Nations Peace Operations had recommended that the Secretary-General should establish an Executive Committee on Peace and Security Information and Strategic Analysis Secretariat to support the information and analysis needs of all members of the Executive Committee on Peace and Security, which should be administered by and report jointly to the heads of the Department of Political Affairs and the Department of Peacekeeping Operations (A/55/305-S/2000/809, para. 75). That recommendation had not been approved by the Special Committee on Peacekeeping Operations and the Advisory Committee on Administrative and Budgetary Questions. In 2004 the General Assembly had approved the establishment of a small Executive Committee on Peace and Security secretariat, but it lacked sufficient resources and expertise to perform the proposed task.

In view of the new trends in peace operations and the need to improve the information available at the time of pre-assessing a potential peacekeeping mission, JIU urged the General Assembly to revisit the Panel's recommendation.

74. **Mr. Sach** (Controller) introduced the note by the Secretary-General on the OIOS report on peacekeeping operations (A/61/264 (Part II)/Add.1), which contained comments on issues that, in the Administration's view, required clarification. He also introduced the note by the Secretary-General on the report of the Joint Inspection Unit (A/60/709/Add.1), in which the Secretary-General welcomed the acknowledgement of the positive trend, in particular, in the application of results-based budgeting frameworks in certain field operations and the progress achieved since their introduction in 2002, and provided specific comments on the JIU recommendations.

75. **Mr. Hussain** (Pakistan), speaking on behalf of the Group of 77 and China, said that while each peacekeeping operation had its own mandate and faced specific challenges in a unique environment, cross-cutting resolutions provided comprehensive guidance for the Department of Peacekeeping Operations and individual operations on issues that were common to all United Nations peacekeeping missions. While appreciating the Secretariat's efforts to implement the provisions of resolutions 60/266 and 59/296, the Group of 77 and China felt that full implementation of cross-cutting resolutions was crucial for the effective and efficient functioning of peacekeeping missions. It was therefore concerned that certain provisions had not been adequately addressed in the overview report of the Secretary-General (A/61/786). The Group urged the Secretariat to follow the timeline for the presentation of peacekeeping budget documentation.

76. The Group noted that the practice of allowing peacekeeping staff to take up temporary duty positions in other peacekeeping missions seemed to have become part of standard operating procedure, but that it should be used as an ad hoc measure to provide extra assistance in the early phase of the establishment of new peacekeeping missions. The Group regretted that no information was being presented to the General Assembly concerning the use of consultants and the development of effective evaluation mechanisms for the use of outside expertise. Consideration should be given to hiring consultants who were conversant with the situation in the mission country.

77. The Group was also concerned about the high vacancy rates in all peacekeeping missions and noted the efforts made by the Secretariat to address the issue, including the delegation of authority to missions for recruitment and temporary deployment of officers to accelerate recruitment in missions with high vacancy rates. However, such recruitment efforts should pay due regard to equitable geographical distribution and gender balance, especially through the recruitment of female candidates from developing countries. Similarly, the hiring of United Nations Volunteers should be in compliance with the relevant General Assembly resolutions, the "Note on guiding principles" and the memorandum of understanding between the Department of Peacekeeping Operations and the United Nations Volunteers programme.

78. The Group regretted that the report on accountability, fraud, corruption, mismanagement, misconduct and conflict of interest requested in section V of resolution 60/266 had not been presented. Its concerns were reinforced by the findings contained in the OIOS report on internal control weaknesses and inadequate managerial accountability for administrative and logistical support functions. It was therefore important to develop and implement a comprehensive internal control framework and to ensure that it was effectively monitored by the Secretariat in collaboration with OIOS.

79. The Group strongly supported the quick-impact projects, which were instrumental in the success of peacekeeping missions. They should be implemented fully, without artificial deadlines. The Group regretted that the report on the review of all aspects of fuel management in peacekeeping operations had not been presented, on the poor excuse that adequate funds had not been approved for hiring an external consultant to prepare that technical report. The Group believed that the Department had adequate resources to hire such an expert. Alternatively, the Secretariat should have raised that concern with the General Assembly when the resolution had been adopted. The Group therefore insisted that such comprehensive reports must be presented at future sessions.

80. With regard to the costing structure of air operations, the Group emphasized the need to optimize the use of air assets and took note of the steps taken by the Secretary-General to achieve the objectives stipulated in resolution 60/266. Nevertheless, efficiency gains and cost-effectiveness should not be

achieved at the expense of safety, proper organization and rotation of troops or the operational necessities of the mission. Given the specific requirements and unique nature of each mission, a one-size-fits-all approach might not be feasible.

81. In the context of the management of vehicle spare parts, the Group would like further information on the benefits of the Galileo and Mercury asset management systems in peacekeeping missions. While taking note of the Secretary-General's explanation of the specific circumstances of each mission with respect to spare parts, the Group felt that every effort should be made to procure spare parts from developing countries.

82. Concerning results-based budgeting, the Group supported the broad thrust of the recommendations contained in the JIU report (A/60/709) and would like the Secretary-General to initiate appropriate measures to ensure the gradual implementation of results-based management. It was gravely concerned about the instances of sexual exploitation and abuse reported by the Secretary-General and stated its unreserved support for the implementation of a zero-tolerance policy to prevent and punish such acts. In that connection, it welcomed the Secretary-General's three-pronged approach of prevention, enforcement and remedial measures to address those issues.

83. The Group believed that there was a linkage between the Special Committee on Peacekeeping Operations and the agenda item under consideration, as the reports of the Secretary-General specifically addressed the recommendations and issues highlighted by the Special Committee. However, it was regrettable that, as a result of the inflexible stance taken by one delegation, the Special Committee had not been able to adopt its annual report for the current year. The Group urged the Chairman of the Fifth Committee to urgently resolve the matter with the Chairmen of the Fourth Committee and the Special Committee so as not to hamper the consideration of cross-cutting issues in the Fifth Committee.

84. Finally, the Group supported the recommendation of the Department of Peacekeeping Operations working group on the payment of mission subsistence allowance to staff officers in the mission area in lieu of reimbursement to troop-contributing countries. That measure would help establish uniform policies and improve the efficiency and accountability of personnel with tasks that required decision-making skills and responsibility.

85. **Mr. Fenchel** (Germany), speaking on behalf of the European Union; the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries Albania, Bosnia and Herzegovina, Montenegro and Serbia; and, in addition, Iceland, Liechtenstein, Moldova, Norway and Ukraine, said that a cross-cutting approach to the consideration of peacekeeping financing provided a comprehensive overview and allowed for identification of common issues, including budget presentation and processes, management structures, recruitment and training, conduct and discipline, and cooperation with other missions in the same region. The OIOS report on its investigations in Bunia underscored the need for the Committee to deal once again with the serious issue of sexual exploitation and abuse in a specific and systematic way.

86. Air operations and fuel management were two areas in which such a comprehensive approach could yield substantial benefits. Initiatives such as the introduction of an operation-wide fuel management policy or better utilization of air assets would enhance efficiency and reduce fraud and other misconduct. The necessity of the timely submission of documents, including the Advisory Committee's reports, for the effective and efficient work of the Committee had been repeatedly stressed. In addition, reports and reporting requirements should be streamlined; the cross-cutting approach would facilitate efforts in that regard.

87. **Mr. Lithgow** (Dominican Republic), speaking on behalf of the Rio Group, said that a cross-cutting approach to peacekeeping financing enhanced the effectiveness of budget processes, fostered a culture of transparency and allowed for the successful fulfilment of legislative mandates. It was important to maintain strict discipline in budget preparation and performance. A cross-cutting approach allowed for the identification of patterns and tendencies and the implementation of general policies. The draft annual report of the Special Committee on Peacekeeping Operations should be adopted as soon as possible because it provided guidelines and proposals that should be considered by the Committee during discussions on cross-cutting issues.

88. Full implementation of quick-impact projects helped establish the credibility of missions and improved social and economic conditions and infrastructure. Artificial time limits should not be imposed. Assessments of the need for of quick-impact projects should be based on the conditions on the ground in each specific case and not on the maturity of the mission concerned. It was important to enhance the efficiency of air operations without affecting the organization, safety or operational capacity of missions. The Rio Group did not support the Advisory Committee's recommendations concerning the reductions of costs associated with the rotation of military contingents and was surprised that the Advisory Committee had not referred to reductions in equipment transport costs. It welcomed the greater use of videoconferencing facilities and e-learning programmes in missions where possible. Those initiatives would help reduce costs and provide necessary training.

89. High vacancy and turnover rates disrupted the normal course of missions activity. The Rio Group would consider that problem in the context of the reports on streamlining contractual arrangements and harmonizing conditions of service. With respect to the proposed management initiatives, the Rio Group would consider the establishment of a dedicated capacity within the Department of Peacekeeping Operations to support African peacekeeping capacity, the first steps towards establishing a standing police capacity and the initiatives to promote regional cooperation among missions. It supported the payment of mission subsistence allowance to United Nations staff officers in the mission area and would request further information on death and disability compensation. The Rio Group welcomed the integrated disarmament, demobilization and reintegration standards developed by the relevant inter-Agency Working Group, and stressed the importance of predictable funding for those activities. With respect to sexual exploitation and abuse, system-wide coordination was essential for developing strategies to enforce the zero-tolerance policy. Lastly, the Advisory Committee should explain why it had not referred to the Secretary-General's recommendations concerning spare parts management.

90. **Mr. Saizonou** (Benin), speaking on behalf of the African Group, said that peacekeeping operations were essential for maintaining global peace and security. It was regrettable that the Secretary-General's overview report (A/61/786), had not addressed some of the African Group's concerns. It was important to devote greater efforts to ensuring equitable geographical distribution and gender balance, particularly by recruiting female candidates from developing countries. Furthermore, recruitment of host-country nationals could be an effective tool for overcoming the ongoing problem of recruitment in peacekeeping missions.

91. The African Group attached great importance to the report on accountability, fraud, corruption, mismanagement, misconduct and conflict of interest that had been requested in section V of General Assembly resolution 60/266, and regretted that it had not yet been introduced by the Secretariat. Quick-impact projects played an important role in improving the living conditions of populations affected by conflict and more effort should be devoted to ensuring their rapid implementation. It was important to abide by the provisions of General Assembly resolutions governing the use of consultants and external expertise. The African Group supported the zero-tolerance policy for cases of sexual exploitation and abuse, and encouraged the Secretary-General to implement the most recent recommendations in that regard. It noted with regret that the Special Committee on Peacekeeping Operations had not been in a position to adopt its draft annual report, and requested the Chairman to take the necessary steps to resolve that situation. The African Group supported the recommendation to pay mission subsistence allowance to United Nations staff officers in the mission area in lieu of reimbursement to the troop-contributing countries.

92. **Ms. Stevens** (Australia), speaking also on behalf of Canada and New Zealand acknowledged the vital contribution that peacekeeping operations made to global peace and security. In a context of increasing peacekeeping budgets, the Secretariat must ensure accountability, efficiency and innovation in peacekeeping management. In view of the increasing size and complexity of peacekeeping operations, it was important for Member States to pay their assessed contributions on time, in full and without conditions.

93. Results-based budgeting enabled managers to meaningfully assess performance, utilize resources more effectively and strengthen accountability. Member States had an important role to play in improving results-based budgeting and should provide clear objectives for mandated activities. However, the

Board of Auditors, JIU and the Advisory Committee had suggested that results-based budgeting had not been practically applied as a management tool during the previous two years. She urged the Secretary-General to improve the application of results-based budgeting and supported the regular refinement of indicators of achievement and outputs in peacekeeping budgets. It would be useful to learn more about the Advisory Committee's recommendation to synchronize the budget and electronic performance appraisal system (e-PAS) cycles. She agreed with the Advisory Committee that financial resources should be aligned with the results-based presentation and that the Secretary-General should develop a specific strategy and plan for work process improvement and should demonstrate that management and administrative processes were efficient when seeking increased resources for administrative and support functions.

94. With respect to financial management, more clarity was needed on the field and Headquarters resources devoted to the budget process. It seemed that streamlining the process made good management sense. She welcomed the benchmarking analysis that aimed to develop planning models for sizing and structuring multidimensional missions, and supported the Advisory Committee's recommendation that the analysis should be based on mandates and not only on past patterns. She was concerned by the almost 50-per-cent increase in unencumbered balances for 2005/06 compared with 2004/05. The membership had been assessed almost half a billion dollars in excess, largely to the detriment of Member States that paid in full and on time. She agreed with the Advisory Committee that resources requests were often asserted rather than justified programmatically, resulting in a pattern of overbudgeting.

95. The good planning of peacekeeping operations was the linchpin of rigorous budgeting. She encouraged realistic budgeting for the staffing of operations, drawing on lessons learned and best practices. She supported new approaches to the recruitment of international and national staff for peacekeeping, along with commensurate accountability. With respect to personnel management, she supported the recommendation to pay mission subsistence allowance to staff officers in lieu of reimbursement to troop-contributing countries. She would like to learn more about temporary duty assignments between missions and whether it would be more effective to second a staff member for up to a year. She supported the review of standards for the recruitment of national officers in order to allow missions to draw upon local human resources to the extent possible. The high vacancy rate in peacekeeping operations remained a cause for concern. Posts that had been vacant for an extended period of time should be rejustified. With respect to the retention rates of staff in peacekeeping operations, it was necessary to study best practices in terms of working conditions.

96. She noted with appreciation the advances made in regional and inter-mission cooperation, air operations and the continued improvement in the use of technology, including the plans to construct a satellite hub at the United Nations Logistics Base at Brindisi. She looked forward to more details and justifications of operational cost requirements in future budget proposals and to the Committee's discussions on ways to tighten the management of fraud, travel, spare parts, fuel and procurement.

97. **Mr. Poulin** (Canada), speaking also on behalf of Australia and New Zealand, said that he strongly supported the zero-tolerance policy on sexual exploitation and abuse. It was the duty of the Committee and the General Assembly to ensure that the Secretary-General received clear policy guidance and commensurate resources to tackle those challenges effectively. He welcomed the comprehensive strategy on sexual exploitation and abuse by United Nations peacekeeping personnel and the three-pronged approach of preventing misconduct, enforcing United Nations standards and undertaking remedial action. He also welcomed the progress that had been made in ensuring respect for the standards set out in the Secretary-General's bulletin on special measures for protection from sexual exploitation and sexual abuse (ST/SGB/2003/13). While the large number of allegations was worrisome, the strategy should lead to a decrease in the number of cases of serious misconduct.

98. He supported the request for conversion to regular posts of the conduct and discipline positions in OIOS that were currently financed through general temporary assistance under the support account and individual peacekeeping operation budgets, because there was a constant need for a conduct and discipline capacity in the field and at Headquarters. To enable the Organization to fulfil its pledge to eliminate sexual exploitation and abuse, it was urgent to take decisions

on the revised draft model memorandum of understanding between the United Nations and troop-contributing countries, the report of the group of legal experts on the criminal accountability of United Nations staff and experts on mission, and the comprehensive strategy on assistance and support to victims of sexual exploitation and abuse.

99. **Ms. Kaji** (Japan) said that the proposed budget for peacekeeping operations for 2007/08 had exceeded $5 billion and was expected to continue to grow. Under those circumstances, full justification, budgetary discipline and fiscal prudence were particularly important. The Secretary-General should provide Member States with a thorough explanation of efforts to promote efficient and effective management of human and financial resources. In addition, General Assembly resolution 59/296 stated that budget submissions should reflect management improvements and efficiency gains. The budget process should provide an integrated picture clearly showing the linkage between indicators, outputs and resources. Careful consideration should be given to thematic management issues with a view to providing guidance for future strategies prior to the approval of individual mission budgets.

100. Her delegation shared the Advisory Committee's concern about the absence of evidence of concrete action having been taken in response to the General Assembly's and Advisory Committee's requests to the Secretary-General to ensure the efficiency and effectiveness of management and administrative processes. Adding post and non-post resources for inefficient processes was not an acceptable management practice. The structures of complex, integrated missions remained duplicative and top-heavy. There was insufficient monitoring of the evolution of structures in individual peacekeeping operations and her delegation strongly cautioned against using a template approach to staffing.

101. The size of the unencumbered balance and the cancellation of prior-period obligations indicated that the need for more realistic budgeting and tighter control of budgetary planning and administration. It was important to promote efficiency in the area of operational costs, in particular of air operations, ground transportation, fuel management, information and communications technology, training and travel. It would be interesting to learn more about the efforts of the Department of Peacekeeping Operations to explore the possibility of economies and efficiencies in air operations. With respect to integrated missions, it was important to eliminate duplication and enhance synergies among partners to facilitate collective international efforts to consolidate peace in countries emerging from conflict. It would be most unfortunate if integrated missions were utilized as a mechanism for financing the activities of United Nations entities in the country teams from assessed United Nations contributions.

102. Her delegation strongly supported further promotion of inter-mission cooperation. Although it recognized the unique nature of each individual mission, it remained concerned that the Secretary-General had yet to implement General Assembly resolution 60/266 on cross-cutting issues. Implementation of General Assembly resolutions and the recommendations of the Board of Auditors and the Advisory Committee constituted an integral part of the budget process. The issues of conduct and discipline were of the utmost importance for safeguarding the integrity and reputation of peacekeeping operations. Enhanced accountability and effective management of human and financial resources were of the highest priority for the Committee and the Organization.

The meeting rose at 1.05 p.m.

United Nations A/C.5/61/SR.49

General Assembly
Sixty-first session

Official Records

Distr.: General
17 July 2007

Original: English

Fifth Committee

Summary record of the 49th meeting
Held at Headquarters, New York, on Thursday, 10 May 2007, at 10 a.m.

Chairman: Mr. Yousfi ..... (Algeria)
later: Mr. Mitsopoulos (Vice-Chairman) ..... (Greece)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Saha

Contents

Agenda item 132: Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations (*continued*)

Overview of the financing of the United Nations peacekeeping operations (continued)

Procedures for the purchase and utilization of vehicles and other equipment by United Nations field missions (continued)

Improvement of internal controls in management, accounting and reporting of assets of all United Nations field missions (continued)

Disarmament, demobilization and reintegration (continued)

Special measures for protection from sexual exploitation and sexual abuse (continued)

Comprehensive report prepared pursuant to General Assembly resolution 59/296 on sexual exploitation and sexual abuse, including policy development, implementation and full justification of proposed capacity on personnel conduct issues (continued)

Report of the Office of Internal Oversight Services: Part two: peacekeeping operations (continued)

Reports of the Advisory Committee on Administrative and Budgetary Questions

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

07-33851 (E)

Report of the Office of Internal Oversight Services on its investigation into allegations of sexual exploitation and abuse in the Ituri region (Bunia) in the United Nations Organization Mission in the Democratic Republic of the Congo (*continued*)

Report of the Office of Internal Oversight Services on the horizontal audit of fuel management in peacekeeping missions (*continued*)

Report of the Joint Inspection Unit: Evaluation of results-based budgeting in peacekeeping operations (*continued*)

Agenda item 133: Financing of the United Nations Operation in Burundi

Agenda item 134: Financing of the United Nations Operation in Côte d'Ivoire

Agenda item 135: Financing of the United Nations Peacekeeping Force in Cyprus

Agenda item 136: Financing of the United Nations Organization Mission in the Democratic Republic of the Congo

Agenda item 138: Financing of the United Nations Mission of Support in East Timor

Agenda item 139: Financing of the United Nations Mission in Ethiopia and Eritrea

Agenda item 140: Financing of the United Nations Observer Mission in Georgia

Agenda item 142: Financing of the United Nations Interim Administration Mission in Kosovo

Agenda item 143: Financing of the United Nations Mission in Liberia

Agenda item 144: Financing of the United Nations peacekeeping forces in the Middle East:

(a) United Nations Disengagement Observer Force

Agenda item 145: Financing of the United Nations Mission in Sierra Leone

Agenda item 146: Financing of the United Nations Mission in the Sudan

Agenda item 147: Financing of the United Nations Mission for the Referendum in Western Sahara

The meeting was called to order at 10.15 a.m.

Agenda item 132: Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations (*continued*)

Overview of the financing of the United Nations peacekeeping operations (*continued*) (A/60/696 and A/61/786)

Procedures for the purchase and utilization of vehicles and other equipment by United Nations field missions (*continued*) (A/60/842)

Improvement of internal controls in management, accounting and reporting of assets of all United Nations field missions (*continued*) (A/60/843)

Disarmament, demobilization and reintegration (*continued*) (A/60/705)

Special measures for protection from sexual exploitation and sexual abuse (*continued*) (A/60/861)

Comprehensive report prepared pursuant to General Assembly resolution 59/296 on sexual exploitation and sexual abuse, including policy development, implementation and full justification of proposed capacity on personnel conduct issues (*continued*) (A/60/862)

Report of the Office of Internal Oversight Services: Part two: peacekeeping operations (*continued*) (A/61/264 (Part II) and Add.1)

Reports of the Advisory Committee on Administrative and Budgetary Questions (A/60/929, A/61/852 and A/61/886)

Report of the Office of Internal Oversight Services on its investigation into allegations of sexual exploitation and abuse in the Ituri region (Bunia) in the United Nations Organization Mission in the Democratic Republic of the Congo (*continued*) (A/61/841)

Report of the Office of Internal Oversight Services on the horizontal audit of fuel management in peacekeeping missions (*continued*) (A/61/760 and Corr.1)

Report of the Joint Inspection Unit: Evaluation of results-based budgeting in peacekeeping operations (*continued*) (A/60/709 and Add.1)

1. **Ms. Yu** Hong (China) said that the expansion of peacekeeping operations had increased the related expenditure to almost $5.4 billion in 2007/08, placing a huge burden on Member States, which funded those operations through peacekeeping assessments. Accordingly, the management of peacekeeping operations should be strengthened to ensure that those resources were used wisely and that fraud and abuse were prevented.

2. Her delegation was concerned by the problems highlighted in the reports of the Board of Auditors and the Office of Internal Oversight Services (OIOS) and welcomed the Secretary-General's recommendations for enhancing internal management controls and oversight. Another concern was the failure to maintain a high budget implementation rate for peacekeeping operations, resulting in an unencumbered balance of $500 million for the period 1 July 2005 to 30 June 2006 and an implementation rate of 91 per cent, which was 3 per cent lower than in the previous financial period.

3. While each peacekeeping operation was unique and implementation was unpredictable, owing to factors such as delayed recruitment and deployment and higher-than-anticipated vacancy rates, the situation could be remedied by the timely presentation of revised budgets. A high unencumbered balance was a sign that the Secretariat was overbudgeting for peacekeeping missions. The Secretariat should endeavour to base its preparation of peacekeeping budgets on the actual situation and actual needs.

4. The Advisory Committee on Administrative and Budgetary Questions (ACABQ) had often indicated that management efficiency and effectiveness should be reviewed to identify opportunities for improvement through streamlining and other methods before additional resources were requested. Additional mandates did not necessarily create a need for additional institutions or resources. The use of existing institutions or resources should be considered.

5. Her delegation supported the Organization's involvement in disarmament, demobilization and reintegration and had noted the recommendations of the Secretary-General regarding the coordination of such efforts and the enhancement of inter-agency capacity-building. It also agreed with the Advisory Committee that the relationship between the Inter-Agency Working Group on Disarmament,

Demobilization and Reintegration and the Peacebuilding Commission must be clearly defined. To avoid redundancy of institutions, a division of labour should be devised, cooperation should take place with different departments, agencies, funds and programmes represented in the field and partnerships should be developed with the World Bank, regional organizations and non-governmental organizations.

6. Peacekeeping operations, which had played an important role in maintaining peace and stabilizing regional situations, were growing in influence and in financial and administrative complexity. China would continue to lend its financial and political support, and would work with the other Member States and the Secretariat to ensure that the financial and administrative management of those operations was proactive and flexible.

7. **Mr. Traystman** (United States of America), recognizing the commitment of all peacekeeping personnel and paying tribute to peacekeepers who had lost their lives, said that the surge in peacekeeping operations had placed a strain on the Organization, with a record number of almost 100,000 military and civilian peacekeepers deployed in the field and with a peacekeeping budget that could reach $6 billion, or even $7 billion if new missions were established in Darfur, Chad and the Central African Republic. With that in mind, his delegation expected stronger management, more efficient and effective implementation of mandates and greater accountability.

8. The cross-cutting issues before the Committee, which would be reflected in the third annual resolution on such issues, were integral to the successful management of missions. With regard to sexual exploitation and abuse, the Organization and the Member States should work towards creating a culture which supported and believed in a policy of zero tolerance. The Conduct and Discipline Teams, OIOS and staff at Headquarters and in the field were pursuing that goal through the Organization's three-pronged strategy of preventing misconduct, enforcing standards of conduct and taking remedial action.

9. The working relationship between the Conduct and Discipline Teams and OIOS should be clarified. They should strengthen their collaboration in addressing all allegations and cases of sexual exploitation and abuse, particularly to ensure that serious (category I) cases were addressed rapidly and that the Organization and/or Member States initiated whatever disciplinary actions or criminal proceedings were necessary. Regular reports on the subject should specify whether the allegations or cases belonged to category I (serious) or category II (less serious); the current status of each allegation or case; which organizational entity was responsible for taking action; and what action had been taken to close each case. Those core responsibilities should be assumed by permanent Conduct and Discipline Teams at Headquarters and in the field.

10. A further cross-cutting issue, enhanced coordination and collaboration in efforts undertaken by United Nations entities and other partners, had become the focus of several important initiatives. With regard to coordination between United Nations peacekeeping missions and United Nations country teams, his delegation advocated following the example of the proposed budget for the United Nations Integrated Mission in Timor-Leste for the period from 25 August 2006 to 30 June 2007 (A/61/759), which, in response to the request made by the General Assembly in its resolution 61/249, had included detailed information on the funding provisions and activities of some 13 United Nations agencies, funds and programmes.

11. The United States delegation looked forward to the further strengthening of regional cooperation initiatives in such matters as aviation safety, medical services and logistics. It also commended inter-mission cooperation initiatives, noting, for example, that the United Nations Operation in Côte d'Ivoire (UNOCI) and the United Nations Mission in Liberia (UNMIL) regularly undertook joint border patrols and had temporarily redeployed military and civilian police personnel between them to undertake tasks which could not otherwise have been addressed within their individual personnel ceilings. Cooperation at the regional, mission and country team levels was particularly important in the costly area of air operations, which accounted for one third of the operational costs of peacekeeping missions and which might be reduced through the regional pooling of air assets, the use of surface transportation where practical and the proposed deployment of a dedicated aircraft for passenger operations.

12. As the Secretary-General had noted in his report on the overview of the financing of the United Nations peacekeeping operations (A/61/786), the management of fuel operations in field missions was a highly

complex activity with significant inherent risks that must be managed, including the potential for fraud, waste and adverse impacts on health, safety and the environment. In its resolution 60/266, the General Assembly had requested the Secretary-General to review all aspects of fuel management, including the preparation of a comprehensive fuel management manual, implementation of the electronic fuel accounting system, development of standard operating procedures on fuel management and preparation of an annual fuel procurement plan. However, little progress on the matter was discernible in the Secretary-General's report. The required work should be undertaken without delay.

13. The United States delegation welcomed the definition of quick-impact projects as small-scale projects rapidly implemented by peacekeeping missions to aid the local population and to create and sustain confidence in and support for new missions, usually during the first two years of a mission. In response to the General Assembly's request for a comprehensive policy on quick-impact projects (resolution 60/266), the Department of Peacekeeping Operations had determined a method of establishing budgetary requests for such projects from 2008 onward. Accordingly, decisions on quick-impact projects should be made in the context of an examination of the activities of the local United Nations country team. After the first two years of a mission, such projects should, if necessary, be carried out and funded as part of the regular activities of other members of the country team.

14. With regard to training, another cross-cutting issue, greater use should be made of videoconferencing and e-learning. Training should be relevant to the mission's mandate and should not be supplied away from the mission during the drawdown and liquidation phases. It would be more efficient and cost-effective for trainers to travel to the mission location, rather than for mission staff to travel to receive training, especially during start-up. Predeployment training in issues such as safety, security and conduct was vital.

15. Having noted the initiative to benchmark the functions of multidimensional peacekeeping operations in order to develop standard organizational models, the United States delegation shared the Advisory Committee's reservations regarding the structuring of multidimensional missions according to standard templates, which tended to result in staffing tables which were too large. It looked forward to a close examination of the details provided in the overview report (A/61/786). Finally, with regard to the comments made at the Committee's previous meeting regarding the inability of the Special Committee on Peacekeeping Operations to reach agreement at its recent session, his delegation had put forward a series of proposals aimed at promoting a consensus, and discussions were still under way.

16. **Mr. Muhith** (Bangladesh) said that peacekeeping matters were extremely important to Bangladesh, a major troop-contributing country. While the reports before the Committee provided a good basis for negotiations, great effort would be required to study the total of some 350 pages they contained, in addition to reports on other issues and any supplementary information required in informal consultations. His delegation was concerned that the late submission of documentation, an issue which had arisen repeatedly, was adversely affecting the ability of the Fifth Committee and the Advisory Committee to make well-informed decisions and recommendations. While the Controller had referred to the matter at the previous meeting, his delegation would like the Secretariat to explain why such an unacceptable situation was becoming routine. In that connection, his delegation concurred with the Advisory Committee's comments, in paragraphs 12 and 13 of its report on the administrative and budgetary aspects of the financing of the United Nations peacekeeping operations (A/61/852), regarding time frames and accountability for the submission of reports.

17. **Mr. Saha** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), responding to a question put by the representative of the Dominican Republic, speaking on behalf of the Rio Group, at the Committee's 48th meeting (A/C.5/61/SR.48, para. 89), recalled that the Secretary-General's report on procedures for the purchase and utilization of vehicles and other equipment by United Nations field missions (A/60/842) highlighted five issues: system contracts for vehicles; spare parts; vehicle establishment ratios; road safety; and rotation of vehicles. During its consideration of the proposed budgets and performance reports for various peacekeeping missions, the Advisory Committee had discussed those issues with the representative of the Secretary-General and, where appropriate, had set out its views in its reports on individual peacekeeping

operations. Questions relating to system contracts and spare parts would be discussed further during the Advisory Committee's consideration of the Secretary-General's reports on procurement. The General Assembly had already endorsed the Advisory Committee's recommendation that, except in cases of emergency, surface transport should be used for contingent-owned equipment.

Agenda item 133: Financing of the United Nations Operation in Burundi (A/61/716 and Corr.1 and A/61/852/Add.6)

Agenda item 134: Financing of the United Nations Operation in Côte d'Ivoire (A/61/673, A/61/773 and A/61/852/Add.12)

Agenda item 135: Financing of the United Nations Peacekeeping Force in Cyprus (A/61/724, A/61/774 and A/61/852/Add.4)

Agenda item 136: Financing of the United Nations Organization Mission in the Democratic Republic of the Congo (A/61/672, A/61/767 and Corr.1 and A/61/852/Add.11)

Agenda item 138: Financing of the United Nations Mission of Support in East Timor (A/61/670 and A/61/852/Add.2)

Agenda item 139: Financing of the United Nations Mission in Ethiopia and Eritrea (A/61/720, A/61/842 and A/61/852/Add.9)

Agenda item 140: Financing of the United Nations Observer Mission in Georgia (A/61/700, A/61/764 and Corr.1 and A/61/852/Add.10)

Agenda item 142: Financing of the United Nations Interim Administration Mission in Kosovo (A/61/675, A/61/776 and A/61/852/Add.8)

Agenda item 143: Financing of the United Nations Mission in Liberia (A/61/715, A/61/783 and A/61/852/Add.7)

Agenda item 144: Financing of the United Nations peacekeeping forces in the Middle East

(a) United Nations Disengagement Observer Force (A/61/662, A/61/671 and Corr.1 and A/61/852/Add.1)

Agenda item 145: Financing of the United Nations Mission in Sierra Leone (A/61/682, A/61/819 and A/61/852/Add.5)

Agenda item 146: Financing of the United Nations Mission in the Sudan (A/61/598, A/61/689, A/61/745 and A/61/852/Add.13)

Agenda item 147: Financing of the United Nations Mission for the Referendum in Western Sahara (A/61/683, A/61/744 and A/61/852/Add.3)

18. **Mr. Sach** (Controller), introducing in a single statement the reports of the Secretary-General on the financing of specific peacekeeping missions, indicated that they included financial performance reports for the period from 1 July 2005 to 30 June 2006 and, where applicable, the proposed budgets for the period from 1 July 2007 to 30 June 2008, as well as a report on the final disposition of the assets of the United Nations Mission in Sierra Leone (UNAMSIL) (A/61/819). The financial performance reports indicated actual expenditure compared to the original appropriations for each mission, and therefore the rates of budget implementation, which varied from 80 per cent to over 99 per cent. Each report also outlined the specific action which the General Assembly was invited to take for the mission in question.

19. Proposed budgets for 10 peacekeeping operations for the period from 1 July 2007 to 30 June 2008 were being put to the Committee for its consideration. The budgets of six missions had increased by between 0.1 per cent and 6.4 per cent compared to the level of appropriations originally established for them: $474,334,900, an increase of 0.3 per cent, for the United Nations Operation in Côte d'Ivoire (UNOCI); $46,848,000, an increase of 4.5 per cent, for the United Nations Peacekeeping Force in Cyprus (UNFICYP); $1,117,492,700, an increase of 2.4 per cent, for the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC); $35,528,900, an increase of 6.4 per cent, for the United Nations Observer Mission in Georgia (UNOMIG); $39,923,100, a slight increase of 0.1 per cent, for the United Nations Disengagement Observer Force (UNDOF); and $44,675,100, an increase of 4.8 per cent, for the United Nations Mission for the Referendum in Western Sahara (MINURSO).

20. The budgets of four missions had decreased by between 2.2 per cent and 21.3 per cent compared to the level of appropriations originally established for them:

$123,686,400, a reduction of 10 per cent, for the United Nations Mission in Ethiopia and Eritrea (UNMEE); $213,157,200, a reduction of 2.2 per cent, for the United Nations Interim Administration Mission in Kosovo (UNMIK); $695,461,500, a reduction of 2.7 per cent, for the United Nations Mission in Liberia (UNMIL); and $849,575,200, a reduction of 21.3 per cent, for the United Nations Mission in the Sudan (UNMIS).

21. In the budget for the United Nations Operation in Côte d'Ivoire (UNOCI) (A/61/773), the proposed resource requirements for 2007/08 reflected the planned full deployment of additional military and police personnel approved by the Security Council in its resolution 1682 (2006), while the budget for 2006/07 had only provided for phased deployment. The proposed requirements for 2007/08 also reflected the proposal to establish 79 posts, of which 23 were to be covered by resources for general temporary assistance, in order to strengthen the mission's capacity in civil affairs, public information, the rule of law, administration and logistics with a view to fulfilling the mandate established by the Security Council in its resolution 1739 (2007). As the Security Council, in the same resolution, had expressed its intention to review troop levels by 30 June 2007, the budget for 2007/08 was a maintenance-level budget, pending a Security Council decision on that matter.

22. In the budget for the United Nations Peacekeeping Force in Cyprus (UNFICYP) (A/61/774), the proposed increase in the resource requirements for 2007/08 had been prompted mainly by external factors. They included the higher cost of air charters on the world market, which affected expenditure on military personnel rotation and travel, and the appreciation of the Cyprus pound, which increased the cost of locally procured goods and services. The national salary scale for the mission had been revised upward with effect from 1 September 2006, resulting in an increase of about 14 per cent over the salary costs originally budgeted for 2006/07.

23. With regard to the budget for the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC) (A/61/767), the increased requirements reflected higher estimated costs of employing international staff, based on actual expenditure incurred in 2005/06. Military contingent costs had also risen because of the addition of up to 916 military personnel authorized by the Security Council in its resolutions 1736 (2006) and 1742 (2007) to allow for the continued deployment to MONUC of an infantry battalion and military hospital previously authorized under the mandate of the United Nations Operation in Burundi (ONUB). The estimates included an amount of $8.2 million to provide rations, fuel, air transport, medical services and supplies to elements of the Armed Forces of the Democratic Republic of the Congo (FARDC) participating in joint operations with MONUC.

24. The Secretary-General, following consultations with the new Government installed as a result of the recent elections, had made proposals in mid-March 2007 regarding a new mandate for the Mission, which had already been extended for two technical rollover periods, until 15 April 2007 and then until 15 May 2007. The budget for 2007/08 was a maintenance-level budget based on the existing mandate and existing number of military and police personnel. The Secretariat would examine the budgetary implications of the new mandate and inform the General Assembly accordingly if changes in resource levels were required.

25. In the budget for the United Nations Mission in Ethiopia and Eritrea (UNMEE) (A/61/842), the proposed resource requirements for 2007/08 reflected a decrease in costs resulting from a reconfiguration approved by the Security Council in its resolution 1741 (2007) and the consequent reduction in troop numbers from the 2,070 provided for in the current budget to 1,470. The provision for various types of equipment, supplies, facilities, infrastructure, vehicles, ground transportation and freight had also been reduced.

26. In the budget for the United Nations Observer Mission in Georgia (UNOMIG) (A/61/764 and Corr.1), the proposed resource requirements for 2007/08 reflected higher expenditure on international staff as a result of mission-specific salary and common staff cost parameters and an increase in hazard pay effective from 1 January 2007. A revised salary scale for national staff effective from October 2006 and a related increase in hazard pay had also resulted in higher costs.

27. In the budget for the United Nations Interim Administration Mission in Kosovo (UNMIK) (A/61/776), the proposed resource requirements for 2007/08 reflected a decrease in mission subsistence allowance for United Nations police officers resulting

from the Mission's decision to decrease deployment from 1,680 to 1,565 such officers. The cost of facilities and infrastructure, communications and information technology, supplies, services and equipment had also been reduced by the Mission's overall downsizing strategy, which would also reduce overall staff numbers from 2,870 to 2,808.

28. The status of UNMIK in the longer term was uncertain. Although the Security Council had received the proposals of the Special Envoy for the Future Status Process for Kosovo, the reactions of the major participants involved, including members of the Council itself, had left the timing and final date of the Mission's closure and replacement with a non-United Nations international entity far from settled. Consequently, the budget for 2007/08 was a maintenance-level budget, pending a Security Council decision on that matter.

29. In the budget for the United Nations Mission in Liberia (UNMIL) (A/61/783), the proposed resource requirements for 2007/08 reflected a reduction in military contingent costs resulting from the plan to repatriate a battalion in the current financial period and a decrease in the authorized contingent strength by 125 personnel. The non-deployment of 240 police, lower subsistence requirements and the application of a 10 per cent delayed deployment factor had reduced the estimated costs in relation to the United Nations police.

30. In the budget for the United Nations Mission in the Sudan (UNMIS) (A/61/745), the proposed resource requirements for 2007/08 reflected a reduction resulting from the Mission's transition from the start-up phase to a maintenance phase involving fewer acquisitions and construction projects. As the Mission had completed its monitoring and verification functions in eastern Sudan, as stipulated in Security Council resolution 1590 (2005), it required 8,722 military personnel for 2007/08, compared with an authorized strength of 9,250. Disarmament, demobilization and reintegration support would be provided for 45,000 ex-combatants, down from 85,000 in the current period. In a letter addressed to the Secretary-General (S/2007/212), the Security Council had endorsed the heavy support package for the African Union Mission in the Sudan; that would result in a cost of $288 million over six months. Taking into account the phased deployment of military, police and civilian personnel, the lead times for procurement and the availability of surplus United Nations assets in neighbouring areas, the Secretariat estimated that approximately $68.6 million could be expended by 30 June 2007. The resources required for the period ending on 30 June 2007 would be absorbed through the redeployment of the resources of the Mission, which had $69.9 million in projected savings for 2006/07. As from 1 July 2007, the Secretariat intended to use projected resources for 2007/08 flexibly and to submit to the General Assembly, through the Advisory Committee, a revised budget for the Mission including detailed justification of requirements for the heavy support package.

31. In the budget for the United Nations Mission for the Referendum in Western Sahara (MINURSO) (A/61/744), the proposed resource requirements for 2007/08 reflected the cost of replacing some 70 vehicles and the greater facility and infrastructure requirements stemming from the replacement of three water-purification plants. Security facilities would also be upgraded at three sites.

32. The report on the final disposition of the assets of the United Nations Mission in Sierra Leone (UNAMSIL) (A/61/819) indicated that assets with a total inventory value of $61.6 million had been disposed of as at 30 June 2006; assets with a total inventory value of $8.3 million and a residual value of just over $3 million had been donated to the Government of Sierra Leone; and assets with a total inventory value of $21.4 million had been transferred to the United Nations Integrated Office in Sierra Leone (UNIOSIL). Action on the disposition of the UNIOSIL assets, including any further donations to the Government of Sierra Leone, should be taken upon the completion of the mandate of UNIOSIL. Assets with a total inventory value of $12.7 million and a residual value of $4.6 million had been sold to United Nations agencies, international organizations, NGOs, private companies and individuals on the basis of competitive bidding. Assets representing 4.9 per cent of the total asset inventory value, with an inventory value of just under $3 million and a residual value of $1.2 million, had been written off as a result of accidents, damage, obsolescence or wear and tear, or because they were uneconomical to repair.

33. Finally, in the light of General Assembly resolution 61/264 on liabilities and proposed funding for after-service health insurance benefits, the Mission's current share of such insurance provisions

and the 8 per cent provision included in budget proposals for 2007/08 would no longer apply.

34. **Mr. Saha** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) introduced the related reports of ACABQ (A/61/852/Add.1-13). A recurrent comment in those reports related to the Secretary-General's proposals regarding the financing of after-service health insurance benefits. In line with the recommendations contained in its report on liabilities and proposed funding for after-service health insurance benefits (A/61/791), the Advisory Committee was recommending against those proposals, pending a decision by the General Assembly.

35. In its report on UNDOF (A/61/852/Add.1), the Advisory Committee recommended acceptance of the Secretary-General's proposals, with the exception of his proposal to transfer funds to meet after-service health insurance liabilities. The Committee had been informed that a regional approach to geographic information systems or mapping was currently not envisaged. It recommended that the Secretary-General should consider providing for a coordinated capacity for the region.

36. In its report on the United Nations Mission of Support in East Timor (UNMISET) (A/61/852/Add.2), the Advisory Committee recommended that all unencumbered balances should be credited to Member States without delay and urged the Secretariat to expedite the preparation of the final performance report for consideration by the Advisory Committee during the fourth quarter of 2007.

37. In its report on MINURSO (A/61/852/Add.3), the Advisory Committee recommended acceptance of the Secretary-General's financing proposals, with the exception of the resources proposed for 2007/08 for the funding of after-service health insurance benefits, pending a decision on the matter by the General Assembly, and the creation of an additional United Nations Volunteer post. The implementation of those adjustments would reduce the proposed budget by $353,500.

38. In its report on UNFICYP (A/61/852/Add.4), the Advisory Committee recommended acceptance of the Secretary-General's proposals, with the exception of his proposal to transfer funds to meet after-service health insurance liabilities. The Advisory Committee commended UNFICYP for having undertaken a review of its support component staffing requirements, pursuant to a request by the General Assembly in paragraph 15 of its resolution 60/270, and for its subsequent reduction of posts. However, it expressed concern about the mission's cash position. As at 26 March 2007, there had been a cash deficit of $400,000, after allowing for a three-month operating reserve. Consequently, no reimbursement to troop-contributing countries could be effected at the current time.

39. As noted in its report on UNAMSIL (A/61/852/Add.5), the Advisory Committee had been informed that the final closure of UNAMSIL accounts should take place in 2009. The Advisory Committee urged the Secretariat to expedite the preparation of the final performance report.

40. As noted in its report on ONUB (A/61/852/Add.6), the Advisory Committee had been informed that the request of the Government of Burundi for the withdrawal of the mission had led to an earlier-than-anticipated repatriation of military personnel and civilian staff and that the mission's budget had not therefore been fully utilized. The Advisory Committee noted that over $53 million — or 18 per cent — of the appropriation of $292,272,400 for ONUB for the period 2005/06 had not been utilized.

41. In its report on UNMIL (A/61/852/Add.7), the Advisory Committee recommended a reduction of $7,130,900 in order to take account of the decommissioning of one helicopter for half of the fiscal year and the non-application of the Secretary-General's proposal regarding after-service health insurance, pending a decision by the General Assembly.

42. Another area where savings could be achieved was official travel. The Advisory Committee had remarked on the cost overruns under that object of expenditure and on the considerable number of unplanned trips made in 2005/06 and 2006/07, and had requested UNMIL to provide detailed explanations in the relevant performance report.

43. The Advisory Committee had requested UNMIL to analyse the costs and savings resulting from the implementation of the Mission Electronic Fuel Accounting System, which was being piloted in UNAMSIL, MONUC and UNMIL. It would follow up on the matter in the 2008/09 budget cycle.

44. In its report on UNMIK (A/61/852/Add.8), the Advisory Committee recommended acceptance of the Secretary-General's financing proposal, with the exception of the resources proposed for the period 2007/08 for the funding of after-service health insurance benefits, pending a decision on the matter by the General Assembly. The implementation of that adjustment would involve a reduction of $2,480,400 in the proposed budget for UNMIK for the period from 1 July 2007 to 30 June 2008.

45. In connection with the difficulties of retaining staff in UNMIK and the various measures that were being considered to help mitigate the problem, the Advisory Committee had recommended that action should be expedited. The Advisory Committee had also observed that, as the Mission transferred competencies and underwent downsizing, its organizational and staffing structure, as well as the grade levels of posts, should be kept under review.

46. As noted in its report on UNMEE (A/61/852/Add.9), the Advisory Committee had been informed that the budget proposal had been based on the assumption that flight restrictions would be lifted soon and that UNMEE would operate seven helicopters. The Advisory Committee had subsequently been provided with revised cost estimates, since the restrictions were likely to be maintained and only the existing three helicopters would be required. It recommended a reduction of the Secretary-General's proposals in the amount of $10,203,000, in consideration of the revised cost estimates.

47. In its report on UNOMIG (A/61/852/Add.10), the Advisory Committee recommended acceptance of the Secretary-General's financing proposal, with the exception of the resources proposed for the period 2007/08 for the funding of after-service health insurance benefits, pending a decision on the matter by the General Assembly. The implementation of that adjustment would involve a reduction of $519,100 in the proposed budget for UNOMIG for the period from 1 July 2007 to 30 June 2008.

48. In its report on MONUC (A/61/852/Add.11), the Advisory Committee recommended acceptance of the Secretary-General's financing proposal, with the exception of the resources proposed for the period 2007/08 for the funding of after-service health insurance benefits, pending a decision on the matter by the General Assembly, and the establishment of four posts, the need for which should be met through the use of existing vacancies. The implementation of those adjustments would involve a reduction of $4,753,200 in the proposed budget for MONUC for the period from 1 July 2007 to 30 June 2008.

49. In its report on UNOCI (A/61/852/Add.12), the Advisory Committee recommended a reduction of $1,642,700 in the amount budgeted, in order to take account of the non-application of the Secretary-General's proposal regarding after-service health insurance, pending a decision on the matter by the General Assembly.

50. The Advisory Committee understood that, in light of the signing of the Ouagadougou Agreement on 4 March 2007, the Secretary-General would consult with the Ivorian parties to clarify the role expected of the international community in supporting the peace process. The Secretary-General had been requested to submit his recommendations to the Security Council by 15 May 2007. Based on related decisions by the Security Council, a revised budget proposal for 2007/08 would be submitted at a later date.

51. The Advisory Committee recommended that the Operation should review its staffing structure in light of its changing operational environment, taking into account the high vacancy rates it continued to experience for civilian personnel. Consideration should be given to transferring substantive functions from international staff and United Nations Volunteers to national staff, as well as to the possibility of redeploying existing staff to cover any new functions provided for in the revised budget proposals.

52. The Advisory Committee had remarked on the cost overruns under official travel during 2005/06 and 2006/07 and requested UNOCI to provide detailed explanations in the relevant performance report. The travel budget should also be closely monitored and controlled during the coming period, as it could provide opportunities for further savings.

53. As noted in its report on UNMIS (A/61/852/Add.13), the proposed budget for UNMIS did not contain financial resource requirements for the operations in Darfur, as a decision by the Security Council on mandates had still been pending at the time of budget preparation. Following acceptance of the heavy support package of assistance to the African Union Mission in the Sudan by all parties, the Secretary-General had indicated to the Advisory

Committee that savings from the UNMIS budget for the current period would be used to finance the packages' implementation up to 30 June 2007. As from 1 July, the requirements would be met through the flexible use of the resources appropriated for 2007/08, and a revised budget would be submitted to the General Assembly, through the Advisory Committee, in September 2007. With those considerations in mind, the Advisory Committee recommended approval of the resources requested for UNMIS, with the exception of those relating to after-service health insurance. In recognition of the fluidity of the electoral process, the Advisory Committee recommended general temporary assistance funding for the additional staff requested for the Electoral Assistance Division.

54. *Mr. Mitsopoulos (Greece), Vice-Chairman, took the Chair.*

55. **Mr. Thomma** (Germany), speaking on behalf of the European Union; the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries Albania, Montenegro and Serbia; and, in addition, Iceland, Liechtenstein, Moldova and Ukraine, paid tribute to those peacekeepers who had lost their lives during the current year and to the troop-contributing countries, without whose commitment peacekeeping would be an impossible endeavour.

56. The European Union was concerned by the fact that a number of key reports of the Secretary-General and the Advisory Committee would not be available until the end of the current session. While he was aware of their ever-increasing workloads, the timely availability of reports was essential if delegations were to perform their functions. The European Union nonetheless reaffirmed its support for peacekeeping as a core function of the United Nations and hoped that future operations would use their resources as efficiently as possible and continue to identify potential savings.

57. The Secretary-General had proposed a total peacekeeping budget of almost $5.4 billion for the period 2007/08. It was essential for all peacekeeping operations to be provided with adequate resources.

58. **Mr. Saizonou** (Benin), speaking on behalf of the African Group, recalled the points raised by the Group during the preceding meeting's debate on cross-cutting issues. Owing to circumstances on the ground, few African vendors were able to take advantage of procurement opportunities in the field, and nationals of African countries, particularly women, were underrepresented among mission personnel. That situation, which was particularly acute at the management level, should be addressed promptly.

59. While the progress made in reducing vacancy rates at certain missions was welcome, further steps should be taken to maintain adequate staffing levels. The Administration's swift implementation of the recommendations of the Board of Auditors concerning the disposal of assets in host countries and the implementation of quick-impact projects would greatly assist the countries concerned.

60. The Group welcomed plans by UNMIL to allocate a large proportion of training resources to the training of national staff. Cooperation and coordination in the area of disarmament, demobilization, rehabilitation and reintegration needed to be strengthened. Even though the Mission was winding down, adequate resources should be provided for those activities in order to further consolidate peace and security in the country.

61. He also stressed the importance of quick-impact projects for UNMIL. He hoped that the proposal to disband the Quick Impact Projects Unit and implement the programme from within existing staffing resources would not adversely affect the implementation of the Mission's mandate. In that regard, the funds requested for the continuation of those projects, particularly to assist inaccessible rural communities that did not benefit from other sources of external support, should be made available.

62. Turning to MONUC, he said that it was important to consider resource requirements in the light of the reality on the ground. The Group welcomed the efforts to improve the Mission's administrative structure and to implement General Assembly decisions and Advisory Committee, Board of Auditors and Office of Internal Oversight Services (OIOS) recommendations. The Group was concerned about the recommendations contained in paragraphs 25 and 27 of the Advisory Committee's report (A/61/852/Add.11), which would entail a reduction in the proposed budget for MONUC. While the prudent management of peacekeeping budgets was important, any decision regarding the proposed budget should adequately address long-term peace and stability requirements in the Democratic

Republic of the Congo and the Great Lakes region as a whole.

63. The Group welcomed the progress made on the peace process, in particular the successful holding of presidential and legislative elections and the preparations for local elections, which would be another crucial step towards democracy. The Democratic Republic of the Congo would continue to need international support in all those endeavours.

64. The Group welcomed the Secretary-General's comments on the expansion of the logistics hub in Entebbe, Uganda, but was disappointed that no concrete information had been given about the evaluation of support functions to determine which ones should be relocated to Entebbe or about the time frame for completion of the evaluation. He urged the Secretary-General to expedite the evaluation and report on its status at the second part of the resumed sixty-second session.

65. Turning to UNMIS, he said that the Group welcomed the agreement reached by the African Union, the United Nations and the Government of the Sudan on the light and heavy support packages for the African Union Mission in the Sudan and looked forward to receiving further clarification regarding funding arrangements and their implications for the Mission's activities.

66. In its resolution 60/122 B, the General Assembly had requested the Secretary-General, in order to reduce the cost of employing General Service staff, to continue efforts to recruit local staff for the Mission against General Service posts, commensurate with the requirements of the Mission. However, under the proposed budget for the period from 1 July 2007 to 30 June 2008, there would be a net reduction of 125 national staff posts, even though the Assembly had envisaged that the Mission's local staff would grow in number and gradually replace international staff. The Group strongly endorsed that view.

67. Turning to UNOCI, he said that the Group was concerned by the high vacancy rates and hoped that every effort would be made to fill posts in a timely manner. The Group continued to be concerned about the slow progress on disarmament, demobilization and reintegration, elections and the peace process, but hoped that, given the recent political developments in the country, there would be significant steps towards establishing peace and security, law and order and the foundations for reconstruction and development in the period 2007/08. The international community and regional organizations, as well as neighbouring and other interested States, should continue their efforts in that regard.

68. He conveyed the Group's profound gratitude to the United Nations for its contribution to the restoration and consolidation of peace in Burundi and Sierra Leone. In the case of ONUB, the assessment of actual performance against the planned results-based frameworks set out in the 2005/06 budget revealed that some areas had seen more progress than others; it was important to continue working on areas in the latter category. The Group also expected updated information on the reported misappropriation of quick-impact project funds. In the case of UNAMSIL, the donation to the Government of Sierra Leone of assets with an inventory value of over $8 million and a corresponding residual value of over $3 million would help ensure the structure for peace which the United Nations had built would endure.

69. Lastly, he paid tribute to those peacekeepers who had lost their lives preserving peace and security around the world and to all troop-contributing countries, whose commendable efforts helped United Nations missions fulfil their mandates.

70. **Mr. Abdelmannan** (Sudan) expressed his gratitude for the efforts of the international community to achieve stability in the Sudan. The United Nations Mission in the Sudan (UNMIS) had originally been established to assist the Government of the Sudan with the implementation of the Comprehensive Peace Agreement, and there had been high hopes that its activities would have a tangible and positive effect on the lives of ordinary citizens. Unfortunately, however, most of the proposed budget for the Mission seemed to be earmarked for either operational or staffing costs. The Mission should devote more attention to humanitarian assistance programmes, in accordance with its mandate.

71. Only $1.5 million of the $2 million allocated to quick-impact projects had been spent during the financial period from 1 July 2005 to 30 June 2006, and the proposed budget for 2007/08 therefore included a provision of only $1 million for such projects. He was concerned about that reduction, and agreed with the Advisory Committee that a case could have been made for maintaining the level of resources.

72. Disarmament, demobilization and reintegration was one of the most important components of the Mission's mandate, and it was therefore unacceptable to decrease the number of staff involved in those activities, particularly in view of the fact that the Southern Sudan Disarmament, Demobilization and Reintegration Commission was partially managed from Nairobi. Appropriate steps should be taken, including through the provision of the necessary resources, to ensure that the Commission was managed from within the Sudan, which would enable it to forge links with other national mechanisms.

73. **Mr. Banny** (Côte d'Ivoire) emphasized the essential role played by the United Nations Operation in Côte d'Ivoire (UNOCI) in particular and the impartial forces in general in efforts to restore peace. Following the agreement concluded in Ouagadougou on 4 March 2007, Côte d'Ivoire had been reunified through the abolition of the zone of confidence, efforts were under way to re-establish the rule of law and preparations for the electoral process had begun. By providing UNOCI with the resources it required, Member States were contributing directly to the restoration of peace and security to Côte d'Ivoire.

74. **Mr. Poulin** (Canada), speaking also on behalf of Australia and New Zealand, expressed his strong support for UNMIS, which had been able to implement its mandate in spite of the difficult environment, and for the three peace processes under way in the Sudan. He welcomed the appointment of the Joint African Union-United Nations Special Representative for Darfur and looked forward to the appointment of a Special Representative of the Secretary-General for UNMIS.

75. The Fifth Committee should endorse the Advisory Committee's recommendations on UNMIS. In particular, he shared the Advisory Committee's concerns at the magnitude of overbudgeting for the 2005/06 period: 17.4 per cent of the appropriation had not been spent. The Secretary-General should analyse the shortcomings of the assessment mission for the purpose of drawing on lessons learned for future missions, and he looked forward to discussing with the Secretariat the possibility of submitting revised budgets in cases where expenditure differed significantly from budgetary assumptions.

76. While the findings of the OIOS audit of UNMIS were cause for concern, he was encouraged by the Mission's proactive steps to rectify the problems identified and hoped that, as a result, the procurement function and control mechanisms would be strengthened. The Mission should also be commended for its efforts to deal with the serious challenges it faced in the areas of recruitment and retention. An assessment of best practices as they related to working conditions should be undertaken with a view to ascertaining how those conditions affected the quality of life and retention rates of peacekeeping staff. He welcomed the Mission's strategy to reduce its reliance on outside contracted services by taking over ground handling operations in three airports, as well as its intention to increase its use of ground transportation. Both initiatives would lead to substantial savings.

77. He was surprised at the Secretary-General's request to continue funding the UNMIS Conduct and Discipline Team under general temporary assistance. That request appeared to contradict the recommendations contained in the comprehensive report on sexual exploitation and sexual abuse (A/60/862) and, since there was no justification for financing an ongoing function through general temporary assistance, the relevant posts should be established.

78. Existing UNMIS resources should be used to support the African Union Mission in the Sudan by means of the light support package, and savings from the current financial period should be used to fund the immediate requirements for the implementation of the heavy support package. Resources appropriated for the 2007/08 period should be used flexibly. He looked forward to examining the results-based framework and the resource requirements for the heavy support package in more detail during the Committee's consideration of the revised estimates for the Mission. It was hoped that a seamless and rapid transition to a hybrid operation, building on the lessons learned from the implementation of the heavy support package, would take place before the end of the 2007/08 period. He urged the Secretary-General, in collaboration with the African Union, to plan carefully the responsibility and accountability structure of that operation.

79. **Mr. Diab** (Syrian Arab Republic) said that the United Nations Disengagement Observer Force (UNDOF) had been established over 30 years earlier pursuant to Security Council resolution 350 (1974) and in response to the Israeli occupation of the Syrian Golan. Despite repeated calls for a total withdrawal to

the 1967 borders, the occupation was still ongoing, and his delegation therefore maintained that, in accordance with the relevant General Assembly resolutions, the funding of UNDOF should be borne by the occupying Power.

80. The Syrian Government had consistently respected the Agreement on Disengagement. It welcomed the presence of UNDOF and supported the efforts being made to restore peace and security to the region. He welcomed the close cooperation between the Syrian authorities and UNDOF and expressed his gratitude to the troop-contributing countries.

81. **Mr. Holovka** (Serbia) said that Serbia fully supported the United Nations Interim Administration Mission in Kosovo (UNMIK), in keeping with its common interest in the fulfilment of the mandate established in Security Council resolution 1244 (1999).

82. His delegation supported the proposed budget for UNMIK for 2007/08. It was particularly pleased that, following a trend of decreasing appropriations, the proposed budget represented an increase as compared to expenditure for the current period. Any decrease in the budget at the current time would counteract efforts to implement the standards set by the Security Council, particularly with regard to strengthening the rule of law and facilitating the return of internally displaced persons. Unfortunately, the Mission's diminished capacity had not been offset by the performance of the Provisional Institutions of Self-Government in Kosovo.

83. He welcomed the proposed changes to the Mission's staffing structure, in particular the sizeable increase in the number of members of special police units within the rule of law component and the proposed strengthening of the International Judicial Support Division. His delegation would, however, have liked to have seen a net increase, rather than a decrease, in the size of the rule of law component as a whole.

84. **Mr. Nkayivu** (Uganda) said that his delegation attached great importance to peacekeeping operations as part of efforts to maintain international peace and security. Ensuring that such operations were adequately funded was not only desirable, but necessary. He had taken note of the proposed budget for the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC) and the related recommendations of the Advisory Committee. The Mission's work in the area of institution-building would pave the way for its involvement in the forthcoming elections, which were an essential step towards the restoration of lasting peace and stability.

85. MONUC would also have an important role to play in ensuring that States in the region cooperated in creating appropriate conditions for the disarmament, demobilization and repatriation of foreign armed groups. Efforts to normalize relations with neighbouring States would also be vital, and special attention should be paid to the use by armed groups of such States as staging grounds. In that connection, he hoped that the Security Council would renew the Mission's mandate so that it could continue to deal with the negative forces operating within the Democratic Republic of the Congo.

86. He welcomed the expansion of the logistics hub in Entebbe and reiterated Uganda's commitment to strengthening its partnership with the United Nations. However, he was concerned at the absence of a timetable for the completion of the evaluation of current support functions. He urged the Secretary-General to expedite the evaluation process with a view to ensuring that the Entebbe hub could work effectively, efficiently and at full capacity.

87. **Mr. Thomas** (United Kingdom) said that the living conditions of United Nations peacekeepers had a profound impact not only on their security and safety but also on morale, which could be an equally important factor for mission effectiveness. He therefore requested a written explanation as to why the buildings accommodating British troops in Nicosia, Cyprus, were in such an unacceptable state of repair.

88. **Mr. Torres Lépori** (Argentina) reaffirmed his delegation's commitment to providing adequate levels of funding for all peacekeeping operations. Quick-impact projects, provided they were adequately justified, should be fully funded, and disarmament, demobilization and reintegration activities were also a priority for his delegation.

89. Referring to the United Nations Peacekeeping Force in Cyprus (UNFICYP), he echoed the concerns expressed by the representative of the United Kingdom. Since the proposed budget for the Force did not contain sufficient information on living conditions, he requested additional details, in writing, about the state of repair of buildings in Nicosia and in Camp San Martin (sector 1). He was surprised that the increase in the proposed budget for UNFICYP was partly

attributable to higher requirements for air operations and transport. During their previous two rotations, Argentine troops had encountered a number of logistical and operational problems relating to the change in rotation methods, and, while he understood that some adjustments were required for the purpose of efficiency gains, such gains must not come at the expense of safety or the operational requirements of missions.

The meeting rose at 12.15 p.m.

United Nations A/C.5/61/SR.50

General Assembly
Sixty-first session

Official Records

Distr.: General
17 July 2007

Original: English

Fifth Committee

Summary record of the 50th meeting
Held at Headquarters, New York, on Friday, 18 May 2007, at 10 a.m.

Chairman: Mr. Yousfi ..... (Algeria)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Saha

Contents

Agenda item 119: Improving the financial situation of the United Nations (*continued*)

Other matters

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

07-34798 (E)

The meeting was called to order at 10.15 a.m.

Agenda item 119: Improving the financial situation of the United Nations (*continued*)

1. **Ms. Bárcena** (Under-Secretary-General for Management) said her statement would focus on four main indicators of the Organization's financial health: assessments issued, unpaid assessed contributions, available cash resources and debt to Member States.

2. Turning first to the regular budget, she noted that the levels of assessments and payments had both been lower in 2006 than in 2005, by $73 million and $125 million respectively. The level of unpaid assessed contributions had increased by $28 million, to $361 million. She was pleased to announce that 139 Member States had paid their regular budget assessments in full by 31 December 2006, only one fewer than in 2005. Of the total of $361 million outstanding as at 31 December 2006, over 94 per cent was owed by just three Member States. By 16 May 2007, 82 Member States had paid their regular budget assessments in full, as compared to 87 by 16 May 2006. She urged the remaining Member States to follow their example.

3. On a less positive note, the financial position of the regular budget as at 16 May 2007 was weaker than it had been as at 16 May 2006. Although payments received by 16 May 2007 were $243 million higher than on the same date in 2006, unpaid assessed contributions were also $99 million higher. That was partly because the level of outstanding assessments had been higher at the beginning of 2007 than at the beginning of 2006 and partly because regular budget assessments had increased in 2007. Of the $1.31 billion outstanding as at 16 May 2007, seven countries accounted for over 96 per cent of the total and just two countries accounted for over 78 per cent. The final outcome for 2007 would depend largely on the action taken by those particular Member States.

4. Cash resources for the regular budget consisted of the General Fund, into which assessed contributions were paid, the Working Capital Fund and the Special Account. The increase in the regular budget cash position (from $150 million as at 31 December 2006 to $435 million as at 16 May 2007) was due to a net increase in payments over expenditures during the first quarter of 2007. The increase in the Working Capital Fund — from $100 million to $150 million between 31 December 2006 and 16 May 2007 — was due to the increase in its overall level, and the modest increase in the Special Account (from $224 million to $227 million) was due to the accumulated interest credited to the account. With regard to the month-to-month cash position, although it had been necessary to draw on reserves in November 2006, the cash balance of the General Fund was over $100 million higher as at 16 May 2007 than it had been a year previously.

5. A number of factors made it difficult to predict financial outcomes for peacekeeping activities: demand was unpredictable; the financial period for peacekeeping ran from 1 July to 30 June rather than from 1 January to 31 December; assessments were issued separately for each operation; and, since assessments could only be issued for the mandate period approved by the Security Council for each mission, they were issued for different periods throughout the year.

6. The total amount outstanding for peacekeeping operations as at 31 December 2006 stood at over $1.8 billion, more than $1.1 billion lower than at the end of 2005. That reduction was due primarily to the fact that, because the scale of assessments for 2007 had not been adopted until the end of December 2006, almost $1 billion in assessments for 2006 had been deferred until January 2007. Over two thirds of the amount outstanding was owed by two Member States. She expressed her gratitude to the 17 Member States (Azerbaijan, Bosnia and Herzegovina, Canada, Denmark, Finland, Germany, Ireland, Kazakhstan, Liechtenstein, New Zealand, Portugal, the Russian Federation, Singapore, Sweden, Switzerland, Thailand and Zambia) that had paid all peacekeeping assessments due and payable by 31 December 2006.

7. Cash available in peacekeeping accounts amounted to over $1.7 billion, but those resources were divided among the accounts of a number of operations and there were restrictions on their use. The General Assembly had specified that no peacekeeping mission should be financed through borrowing from other active missions, and the terms of reference of the Peacekeeping Reserve Fund restricted its use to new operations and the expansion of existing operations. As at 31 December 2006, cash in the accounts of active missions had totalled approximately $1.154 billion, the accounts of closed missions had totalled $484 million and the Peacekeeping Reserve Fund had contained an available balance of $122 million.

8. The financial position of peacekeeping operations as at 16 May 2007 showed some improvement. By that date, new assessments totalling over $2.5 billion had been issued, against which contributions of over $2.8 billion had been received, thereby reducing the amount outstanding from over $1.8 billion to over $1.6 billion. She wished to pay special tribute to the 24 Member States (Australia, Austria, Azerbaijan, Botswana, Canada, the Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, Liechtenstein, Madagascar, Monaco, Mozambique, New Zealand, the Republic of Korea, the Russian Federation, Singapore, Sweden, Switzerland, Thailand and the United Kingdom) that had paid all peacekeeping assessments due and payable by 16 May 2007.

9. The total cash available in peacekeeping accounts at the end of 2007 was expected to be almost $1.4 billion, with $816 million in the accounts of active missions, $453 million in the accounts of closed missions and $146 million in the Peacekeeping Reserve Fund. Of the $453 million expected to be available in the accounts of closed missions at the end of 2007, $335 million related to amounts to be paid for outstanding liabilities, such as troop and equipment payments and credits to be returned to Member States. That left only $118 million available for cross-borrowing by other accounts, including the regular budget, the International Tribunals and active peacekeeping operations. Such cross-borrowing had been required in 2006 and 2007 for three active peacekeeping operations: the United Nations Interim Administration Mission in Kosovo (UNMIK), the United Nations Observer Mission in Georgia (UNOMIG) and the United Nations Mission for the Referendum in Western Sahara (MINURSO).

10. As at 31 December 2006, the amount owed to Member States for troops/formed police units and contingent-owned equipment stood at $1 billion, as compared to $695 million as at 1 January 2006. That increase was attributable to the full deployment of troops/formed police in the United Nations Operation in Côte d'Ivoire (UNOCI) and the United Nations Mission in the Sudan (UNMIS), additional troops/formed police units for the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC), the expansion of the United Nations Interim Force in Lebanon (UNIFIL) and the establishment of the United Nations Integrated Mission in Timor-Leste (UNMIT). It was estimated that, following the receipt of additional assessed contributions and a subsequent increase in payments to Member States from $1.1 billion to $2.1 billion, debt to Member States would decrease to $589 million by the end of 2007. However, the estimated payments for 2007 were also dependent on the timely finalization of the relevant memorandums of understanding, particularly those relating to UNIFIL. As at 16 May 2007, 62 out of a total of 302 memorandums of understanding, or 21 per cent, had not yet been finalized.

11. The financial position of the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia had deteriorated in 2006. Outstanding assessments, which had fallen to $25 million by the end of 2005, had increased again to $51 million by the end of 2006. More than 85 per cent of that amount was owed by only five Member States. Although 99 Member States had paid their assessed contributions for both Tribunals in full by 31 December 2006 — six more than by the end of 2005 — the outstanding balance had increased rather than decreased over the corresponding period, owing to the composition of payments. The situation in 2007 showed a modest improvement, however. Eight more Member States had paid their assessed contributions for both Tribunals in full by 16 May 2007 than by the same date in 2006 (57 as opposed to 49). If recent positive cash flow trends continued, the Tribunals should end the year with positive cash balances, although the final outcome would depend on whether Member States continued to honour their financial commitments.

12. On 22 December 2006, the General Assembly had approved a total budget of $1.88 billion for the capital master plan. The project would be funded from assessed contributions, and Member States had been asked to choose between two payment options: a one-time assessment or multi-year payments over five years. To date, 11 Member States had chosen the one-time payment option. As at 16 May 2007, 168 Member States had made payments totalling $331 million, leaving $174 million of the amount assessed thus far still outstanding. In addition, the General Assembly had approved the establishment of a working capital reserve of $45 million, to be funded with advances from Member States and apportioned at the rates of assessment for 2007. As at 16 May 2007, 79 Member States had made payments totalling $32 million to the working capital reserve.

13. The cut-off date for paying in full and on time was 120 days after the issuance of assessments. As at the cut-off date, 7 May 2007, 48 Member States had paid in full. As at 16 May 2007, 59 Member States had paid in full. Regrettably, however, 24 Member States had yet to make any payments to the capital master plan.

14. By way of conclusion, she paid tribute to the 20 Member States (Australia, Austria, Azerbaijan, Botswana, Canada, Denmark, Finland, Ireland, Italy, Liechtenstein, Monaco, Mozambique, New Zealand, the Republic of Korea, the Russian Federation, Singapore, Sweden, Switzerland, Thailand and the United Kingdom) that, as at 16 May 2007, had paid all their assessments in full for the regular budget, peacekeeping operations, the International Tribunals and the capital master plan. There had been some encouraging signs of progress in 2006, but the financial position of the regular budget as at 16 May 2007 was weaker than it had been on the same date in 2006. The financial health of the Organization would continue to depend on whether Member States met their obligations in full and on time.

Other matters

15. **Ms. Lewis** (Chief, Central Planning and Coordination Service and Secretary of the Inter-Agency Meeting on Language Arrangements, Documentation and Publications, Department for General Assembly and Conference Management), responding to a query raised in informal consultations by the representative of the Syrian Arab Republic regarding the availability on the Official Documents System (ODS) of the Arabic version of the Secretary-General's report on the budget for the United Nations Interim Force in Lebanon for the period from 1 July 2007 to 30 June 2008 (A/61/870), said that the document had been issued in all official languages on 5 May 2007. Paper and electronic copies should have been available by the following working day (7 May 2007).

16. The uploading and release of texts onto ODS was a largely automated process, but technical problems occasionally arose. In those circumstances, her Department sought to identify the problem and arrange for the reposting of the document concerned as soon as possible. Unfortunately, in the case at issue, the usual internal channels of communication had not resolved the situation, and the document had not been released onto ODS until 15 May 2007, approximately one week after it had been made available in paper form. She regretted that delay and any adverse consequences it might have had.

17. The Department for General Assembly and Conference Management, working closely with the Information Technology Services Division, had established internal guidelines for identifying and rectifying problems encountered with the uploading or retrieval of texts. With a view to avoiding any repeat of the incident at issue, the Department had reviewed those guidelines and had decided to inform all concerned, including Member States, that the Documents Control Section of the Department had been designated as the official focal point for monitoring and troubleshooting the document production cycle and for rectifying any problems. Member States could contact the Chief or Deputy Chief of that Section directly.

The meeting rose at 10.50 a.m.